全利資源有限公司
QL Resources Berhad

SUSTAINING GROWTH & BEYOND

Annual Report 2017

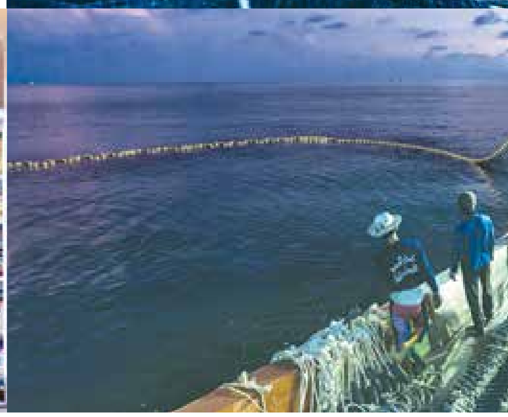
30
Celebrating
30 years of
growth & beyond

30

Celebrating
30 years of
growth & beyond

1987 - 2017

Over the course of three decades, QL Resources has become known for delivering quality products and sustainable performance as a leading integrated resource-based agriculture company. This year, our cover design celebrates our 30th anniversary with icons of our diversified businesses emanating outwards to represent our focus on continuing this 30 years of growth and expansion. The energy from this symbolism expresses our excitement as we embrace the future, driven by innovation and the dynamism of our business strategies for sustainable growth and beyond.



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Principal Activities

QL Resources is a sustainable and scalable multinational agro-food corporation that farms and produces some of the most resource-efficient protein and food energy sources. The Group has three principal activities; Integrated Livestock Farming, Marine Products Manufacturing and Palm Oil Activities, and operates in Malaysia, Indonesia, Vietnam and China.

Marine Products Manufacturing Activities

Marine Products Manufacturing consists of upstream and downstream activities including deep-sea fishing, aquaculture farming, surimi and fishmeal production and consumer foods. Through the use of innovative technology and quality practices, QL has achieved industry leadership positions including being Malaysia's largest fishmeal manufacturer and producer of surimi-products, and Asia's largest surimi producer. Mushroom and Figo, QL's marine-product consumer foods brands, are distributed across Asia, Europe and North America.

Integrated Livestock Farming Activities

Organic growth and a series of strategic acquisitions has driven QL's rise to become one of Malaysia's leading operators in animal feed raw materials and poultry farming. QL is among ASEAN's leading poultry egg producers with a group production rate of 4.6 million eggs per day. Approximately 40 million Day Old Chicks (DOC) and 20 million broilers are produced annually across poultry farms in Malaysia and Indonesia. In Malaysia, QL trades over 1,000,000 metric tonnes of animal feed raw materials annually.

Palm Oil Activities

QL has built-up its capabilities in palm oil from milling and estate ownership to biomass clean energy in a move that expands the value chain of traditional agriculture. QL has developed proprietary technology that converts palm waste biomass into a high quality burning fuel, and manufactures industrial boiler systems which convert that biomass fuel into energy, minimising carbon emissions and improving energy cost efficiencies. QL has two independent Crude Palm Oil (CPO) mills servicing small and medium sized estates in the Tawau and Kunak regions of Sabah, East Malaysia and one CPO mill in Eastern Kalimantan, Indonesia. QL owns a 1,200 hectare mature palm oil estate in Sabah, as well as 15,000 hectare plantation (9,000 hectare mature) in Eastern Kalimantan, Indonesia.

Our Vision and Mission

Vision
To be the preferred global agro based enterprise

Mission
We create nourishing products from agro resources, leading to benefit for all parties

Core Values

Personality

Progressive

Trustworthy

Initiative

Humility

Values

Integrity

Win-win

Teamwork

Innovative

Group Corporate Structure

As At 30 June 2017

全利資源有限公司
QL Resources Berhad

INTEGRATED LIVESTOCK FARMING

100% QL FEEDINGSTUFFS SDN. BHD.

- 100% Chingsan Development Sdn. Bhd.
- 100% QL Feed Sdn. Bhd.
- 90% Pacific Vet Group (M) Sdn. Bhd.
  - 100% QL Pacific Vet Group Sdn. Bhd.
- 100% QL Agroventures Sdn. Bhd.
- 100% QL Agrofood Sdn. Bhd.
- 95% QL AgroResources Sdn. Bhd.
  - 100% QL Livestock Farming Sdn. Bhd.
  - 100% Gelombang Elit (M) Sdn. Bhd.
  - 51% QL TP Fertilizer Sdn. Bhd.
- 100% QL Tawau Feedmill Sdn. Bhd.
- 100% QL Farms Sdn. Bhd.
  - 100% Adequate Triumph Sdn. Bhd.
  - 100% QL Breeder Farm Sdn. Bhd.
  - 100% QL Inter-Food Sdn. Bhd.
  - 100% Merkaya Sdn. Bhd.
  - 100% QL Agrobio Sdn. Bhd.
- 90% QL Ansan Poultry Farm Sdn. Bhd.
  - 100% QL Rawang Poultry Farm Sdn. Bhd.
  - 100% Hybrid Figures Sdn. Bhd.
  - 100% QL Poultry Farms Sdn. Bhd.
- 100% QL Realty Sdn. Bhd.
  - 80% PT. QL Trimitra
  - 1% / 99% PT. QL Agrofood
- 100% QL Vietnam AgroResources Liability Limited Company
- 100% QL International Pte. Ltd.
- 99% PT. QL Feed Indonesia 1%
- 90% QL Palm Pellet Sdn. Bhd.
- 100% QL Feedingstuffs Vietnam Limited Liability Company

MARINE PRODUCTS MANUFACTURING

100% QL FISHERY SDN. BHD.

- 100% QL Figo Foods Sdn. Bhd.
- 100% QL Marine Products Sdn. Bhd.
  - 100% Icon Blitz Sdn. Bhd.
  - 100% QL Deep Sea Fishing Sdn. Bhd.
- 100% QL Fresh Choice Seafood Sdn. Bhd.
- 70.59% QL Endau Marine Products Sdn. Bhd.
  - 100% QL Endau Deep Sea Fishing Sdn. Bhd.
  - 100% QL Endau Fishmeal Sdn. Bhd.
  - 100% Pilihan Mahir Sdn. Bhd.
  - 100% Rikawawasan Sdn. Bhd.
- 100% QL Foods Sdn. Bhd.
  - 100% QL Aquaculture Sdn. Bhd.
  - 100% QL Aquamarine Sdn. Bhd.
- 100% QL Fishmeal Sdn. Bhd.
  - 0.03% / 99.97% PT. QL Hasil Laut
  - 1% / 99% PT. QLNutri Foods Indonesia
- 82% QL Lian Hoe Sdn. Bhd.
- 100% QL Lian Hoe (S) Pte. Ltd.
  - 100% Zhongshan True Taste Food Industrial Co. Ltd.
- 100% Kuala Kedah Fish Meal Sendirian Berhad
- 100% QL Figo (Johor) Sdn. Bhd.
- 63.33% Kembang Subur Sdn. Bhd.
  - 100% KS Galah Sdn. Bhd.
  - 100% KS Monodon Sdn. Bhd.
  - 100% KS Pekan Hatchery Sdn. Bhd.
  - 55% Kembang Subur (Perak) Sdn. Bhd.
  - 51% Kembang Subur International Ltd.
    - 100% Nam Duong Vietnam Aquatic Hatchery Co., Ltd.

Group Corporate Structure
As At 30 June 2017 (Cont'd)

PALM OIL ACTIVITIES

- 100% QL OIL SDN. BHD.
  - 100% QL BioEnergy Sdn. Bhd.
  - 78.42% QL Mutiara (S) Pte. Ltd.
    - 95% PT. Pipit Mutiara Indah
  - 100% QL Plantation Sdn. Bhd.
    - 100% QL Tawau Biogas Sdn. Bhd.

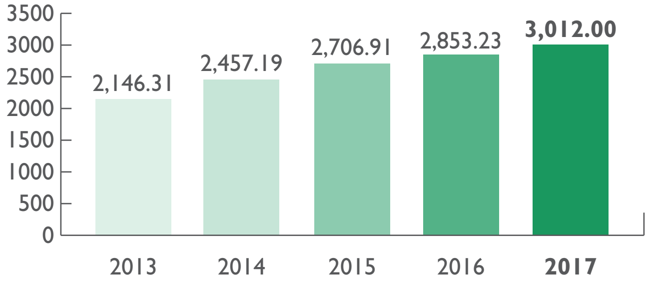
BIOMASS ENERGY BUSINESS

- 100% QL GREEN RESOURCES SDN. BHD.
  - 100% QL Tawau Palm Pellet Sdn. Bhd.
  - 100% QL NatureCo Sdn. Bhd.
  - 73.33% Leisure Pyramid Sdn. Bhd.
  - 100% QL ESCO Sdn. Bhd.

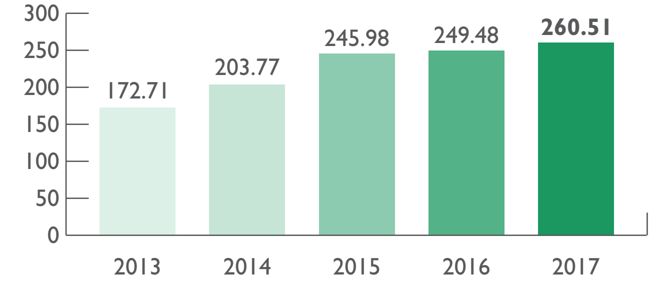
- 100% QL IPC SDN. BHD.
- 100% QL CORPORATE SERVICES SDN. BHD.
- 100% QL CARBON SDN. BHD.
  - 100% Maxincome Resources Sdn. Bhd.
  - 100% QL Kitchen Sdn. Bhd.
    (fka: QL Green Energy Sdn. Bhd.)

5 Years Financial Summary

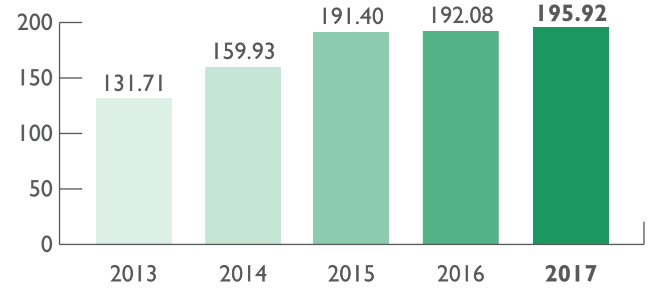
TURNOVER
(RM MILLION)



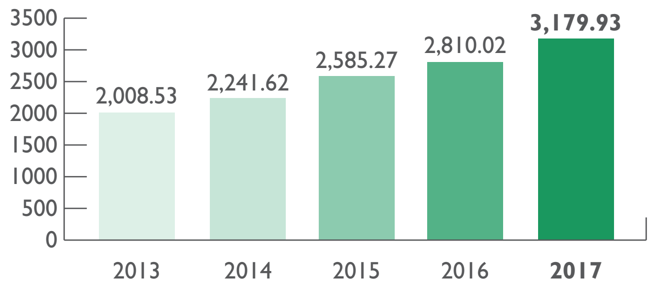
PROFIT BEFORE TAX
(RM MILLION)



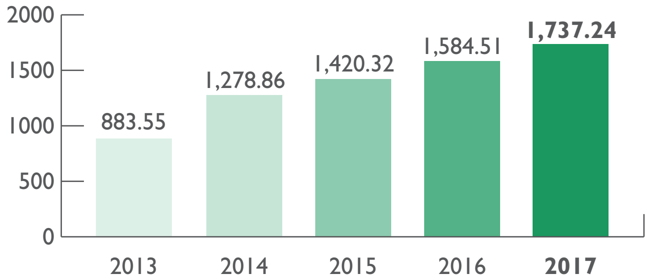
PROFIT AFTER TAX AFTER MINORITY INTEREST
(RM MILLION)



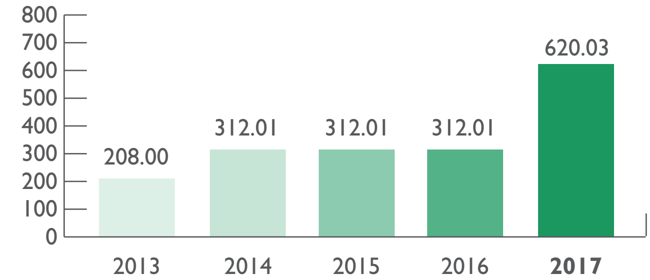
TOTAL ASSETS
(RM MILLION)



NET TANGIBLE ASSETS
(RM MILLION)



PAID–UP SHARE CAPITAL
(RM MILLION)



	2013 RM MIL	2014 RM MIL	2015 RM MIL	2016 RM MIL	**2017 RM MIL**
Turnover	2,146.31	2,457.19	2,706.91	2,853.23	**3,012.00**
Profit Before Tax	172.71	203.77	245.98	249.48	**260.51**
Profit After Tax After Minority Interest	131.71	159.93	191.40	192.08	**195.92**
Total Assets	2,008.53	2,241.62	2,585.27	2,810.02	**3,179.93**
Net Tangible Assets	883.55	1,278.86	1,420.32	1,584.51	**1,737.24**
Profit as % of Turnover					
Before Tax	8.05	8.29	9.09	8.74	**8.65**
After Tax	6.14	6.51	7.07	6.73	**6.50**
Earnings Per Share (sen)	11	14	15	15	**16**
Net Tangible Assets Per Share (sen)	106.19	102.47	113.80	126.96	**139.20**
Paid-up share Capital	208.00	312.01	312.01	312.01	**620.03***
No. of shares in Issue (million)	832.02	1,248.03	1,248.03	1,248.03	**1,248.03**

* Included in the paid-up share capital is RM308.02 million which is transferred from share premium in accordance with Section 618(2) of the Companies Act 2016.

Corporate Information

BOARD OF DIRECTORS

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood
Chairman/Independent Non-Executive Director

Dr. Chia Song Kun
Group Managing Director

Mr. Chia Song Kooi
Deputy Group Managing Director

Mr. Chia Seong Pow
Executive Director

Mr. Chia Seong Fatt
Executive Director

Mr. Chia Song Swa
Executive Director

Mr. Chia Mak Hooi
Executive Director

Mr. Cheah Juw Teck
Executive Director

Mr. Chia Lik Khai
Executive Director
(Appointed on 21 November 2016)

Mr. Chieng Ing Huong, Eddy
Senior Independent Non-Executive Director

Mr. Tan Bun Poo, Robert
Independent Non-Executive Director

Prof. Datin Paduka Dr. Aini Binti Ideris
Independent Non-Executive Director

COMPANY SECRETARY

Ms. Ng Geok Ping
(MAICSA 7013090)

AUDITORS

KPMG PLT
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor

AUDIT COMMITTEE

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood
Chairman/Independent Non-Executive Director

Mr. Chieng Ing Huong, Eddy
Senior Independent Non-Executive Director

Mr. Tan Bun Poo, Robert
Independent Non-Executive Director

Prof. Datin Paduka Dr. Aini Binti Ideris
Independent Non-Executive Director

REMUNERATION COMMITTEE

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood
Chairman/Independent Non-Executive Director

Dr. Chia Song Kun
Group Managing Director

Mr. Chieng Ing Huong, Eddy
Senior Independent Non-Executive Director

Mr. Tan Bun Poo, Robert
Independent Non-Executive Director

NOMINATING COMMITTEE

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood
Chairman/Independent Non-Executive Director

Mr. Chieng Ing Huong, Eddy
Senior Independent Non-Executive Director

Mr. Tan Bun Poo, Robert
Independent Non-Executive Director

REGISTERED OFFICE

No. 16A, Jalan Astaka U8/83
Bukit Jelutong
40150 Shah Alam
Selangor
Tel : 03-78012288
Fax : 03-78012228
Website : www.ql.com.my

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Alliance Islamic Bank Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad
HSBC Amanah Malaysia Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad
Bank of Tokyo-Mitsubishi UFJ Berhad

REGISTRARS

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-27839299
Fax : 03-27839222

Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium, Avenue 3 Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

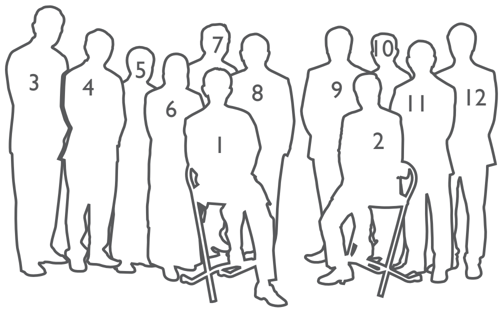
STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Stock Name : QL
Stock Code : 7084

INVESTOR RELATION

Freddie Yap
Tel : 03-78012288
Fax : 03-78012222
Email : freddieyap@ql.com.my

Board of Directors



1. YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood
2. Dr. Chia Song Kun
3. Mr. Cheah Juw Teck
4. Mr. Chia Seong Pow
5. Mr. Robert Tan Bun Poo
6. Professor Datin Paduka Dr. Aini Binti Ideris
7. Mr. Chia Mak Hooi
8. Mr. Eddy Chieng Ing Huong
9. Mr. Chia Song Kooi
10. Mr. Chia Song Swa
11. Mr. Chia Seong Fatt
12. Mr. Chia Lik Khai

Board of Directors' Profile

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood, aged 78, male, Malaysian, was appointed as the Chairman and Independent Non-Executive Director of the Company on 3 January 2000. He is also the Chairman of Audit, Nominating and Remuneration Committees.

He has a wide range of experience, having been actively involved in a variety of business over the last 40 years. YM Tengku has an MBA from Syracuse University, USA. He began his business career with the Harper Gilfillan Group (a diversified British organisation) in the early 1960's and retired as the Group Managing Director of Harper Wira Sdn. Bhd.. Currently, he is the Executive Chairman of K-Line Maritime (Malaysia) Sdn. Bhd., a Malaysian-Japanese joint-venture company with K-Line Tokyo, one of the biggest Japanese shipping company. He also sits on the boards of several other companies. Apart from managing various companies, YM Tengku is also actively involved in the affairs of maritime related organisations.

He was the Chairman of the International Shipowners Association of Malaysia (ISOA) and the past president of I.C.H.C.A. Malaysian chapter. He also sat on the Boards of Klang and Kuantan Port Authorities for more than a decade.

In addition to maritime bodies, YM Tengku is also an active participant in the affairs of Chambers of Commerce. He is the past President of the Malaysian International Chamber of Commerce and Industry (MICCI) and a Vice-President of the National Chamber of Commerce and Industry of Malaysia (NCCIM). At the ASEAN level, he was the Malaysia Chairman of the ASEAN Chambers of Commerce and Industry. YM Tengku was also on the board of MIDA, a Council Member of the Malaysia-India Business Council and the Malaysian Norway Business Council and a Director of Port Klang Free Zone Sdn. Bhd..

YM Tengku Dato' Zainal Rashid is also the Hononary Consul of Norway.

He attended four out of six board of directors' meetings held for the financial year.

He has no family relationship with any Director and/or major shareholders of QL. He has no conflict of interest with the Company and he has no convictions for any offences within the past five years, other than traffic offences (if any).

Dr. Chia Song Kun

Dr. Chia Song Kun, aged 67, male, Malaysian, was appointed as the Group Managing Director of QL Resources Berhad on 3 January 2000. He is also a member of the Remuneration Committee.

Dr. Chia was born and raised in Sungai Burong, an impoverished fishing village on the northern coast of Selangor. He graduated with a Bachelor of Science (Honours) degree majoring in Mathematics from the University of Malaya in 1973 and obtained a Masters in Business Administration in 1988 from the same university. He started his career as a tutor and subsequently joined University Teknologi Mara as a lecturer where he served for 11 years until 1984.

During his lecturing years, Dr. Chia, along with his brothers and his brothers-in-law, began trading in fish meal and feed meal raw material. The business they founded was subsequently incorporated as QL Resources Berhad. Today QL is a sustainable and scalable multinational agro-food corporation with interests in Integrated Livestock Farming, Marine Products Manufacturing and Palm Oil Activities. The company has a market capitalisation of approximately six (6) billion ringgit.

Dr. Chia is a founding member of INTI Universal Holdings Berhad, which operates one of the leading private university colleges in Malaysia. On 5 July 2008, he was conferred the honorary degree of Doctor of Laws (Hon LLD) by the Honorary Awards Board of the University of Hertfordshire in recognition of his outstanding contribution to the development of business and education in Malaysia. He is also the Chairman of Boilermech Holdings Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad on 5 May 2011, which then transferred to the Main Market on 4 December 2014.

Dr. Chia's leadership has been recognised by a number of noted organisations. In 2005, The Edge selected him as one of '20 CEOs We Admire'. In July 2011, Dr. Chia led the Group to new heights when QL Resources won the prestigious The Edge Billion Ringgit Club Company of the Year award. In 2012, Dr. Chia was awarded the Ernst & Young Entrepreneur of the Year Award 2012 for Malaysia.

Dr. Chia Song Kun is the brother of Mr. Chia Song Swa and Mr. Chia Song Kooi. He is the brother-in-law of Mr. Chia Seong Pow and Mr. Chia Seong Fatt and also Mr. Chia Lik Khai's father. He is the director and substantial shareholder of CBG Holdings Sdn. Bhd., a major shareholder of QL.

He attended all six board of directors' meetings held for the financial year.

He has no conflict of interest with the Company and he has no convictions for any offences within the past five years, other than traffic offences (if any).

Mr. Chia Seong Pow

Mr. Chia Seong Pow, aged 61, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000.

He graduated from Tunku Abdul Rahman College with a diploma in Building Technology.

He is one of the founder members of QL Group. He joined CBG Holdings Sdn. Bhd., a substantial shareholder of QL, as Marketing Director in 1984. He has more than 25 years of experience in the livestock and food industry covering layer farming, manufacturing, trading and shipping.

Currently, Mr. Chia Seong Pow is mainly in charge of layer farming, regional merchanting trade in food grains as well as new business developments.

Majority of the Group's new expansion programmes were initiated by him.

Mr. Chia Seong Pow was appointed as a director of EITA Resources Berhad on 1 March 2017, a company listed on the Main Market of the Bursa Malaysia Securities Berhad on 9 April 2012. EITA group of companies is involved in the distribution and manufacturing of electrical related products.

He is the younger brother to Mr. Chia Seong Fatt. Both of them are brothers-in-law to Dr. Chia Song Kun. He is the director and beneficial shareholder of Farsathy Holdings Sdn. Bhd., a major shareholder of QL.

He attended all six board of directors' meetings held for the financial year.

Mr. Chia Seong Pow has no conflict of interest with the Company and he has no convictions for any offences within the past five years, other than traffic offences (if any).

Mr. Chia Seong Fatt

Mr. Chia Seong Fatt, aged 61, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000.

He obtained his B.Sc. Honours degree in chemistry from University of London in 1979. He practised as an industrial chemist for 3 years before he pursued further studies in University Malaya.

In 1984, he graduated from University of Malaya with a Master degree in Business Administration.

He served for seven years as Managing Director in Sri Tawau Farming Sdn. Bhd., a company involved in layer farming.

In 1991, he was appointed as Managing Director of QL Farms Sdn. Bhd., a subsidiary of QL overseeing its operations in Tawau. In January 1996, he was appointed as an Executive Director of QL Feedingstuffs Sdn. Bhd. in charge of layer farm and Crude Palm Oil ("CPO") milling operations. In view of the restructuring of the QL Group, he has resigned as a director of QL Feedingstuffs Sdn. Bhd.. However, he is still in charge of layer, broiler farm and CPO milling operations in Tawau.

He is also an alternate director in Boilermech Holdings Berhad, a company listed in the ACE Market of Bursa Malaysia Securities Berhad on 5 May 2011, which then transferred to the Main Market on 4 December 2014.

He is the elder brother to Mr. Chia Seong Pow. Both of them are brothers-in-law to Dr. Chia Song Kun. He is the director and beneficial shareholder of Farsathy Holdings Sdn. Bhd., a major shareholder of QL.

He attended all six board of directors' meetings held for the financial year.

Mr. Chia Seong Fatt has no conflict of interest with the Company and he has no convictions for any offences within the past five years, other than traffic offences (if any).

Mr. Chia Song Kooi

Mr. Chia Song Kooi, aged 57, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000. He was then re-designated as the Deputy Group Managing Director of the Company on 21 November 2016.

He holds a bachelor of Agricultural Science from University Putra Malaysia (1985).

He began his career with Ancom Berhad, a company listed on the Main Market of the Bursa Malaysia Securities Berhad, as a Marketing Executive for agro-chemical products and eventually headed the Product and Market Development Division in 1987.

He joined QL Feedingstuffs Sdn. Bhd. as an executive director on 21 September 1988. He has more than 20 years of experience in farm management and in trading of raw materials for farm use, as well as more than 10 years of experience in marine products processing. He was the Deputy Chairman of Sabah Livestock Poultry Association from 2012 to 2016. In view of the restructuring of the QL Group, he has resigned as a director of QL Feedingstuffs Sdn. Bhd.. He is overall in charge of the group's operations in Kota Kinabalu since 1990.

Mr. Chia Song Kooi is the brother to Dr. Chia Song Kun and Mr. Chia Song Swa. He has indirect interest in QL by virtue of his interest in CBG Holdings Sdn. Bhd., a major shareholder of QL.

He attended five out of six board of directors' meetings held for the financial year.

Mr. Chia Song Kooi has no conflict of interest with the Company and he has no convictions for any offences within the past five years, other than traffic offences (if any).

Mr. Chia Song Swa

Mr. Chia Song Swa, aged 57, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000.

He holds a degree in Chemistry and Statistics from the University of Campbell, USA.

He began his career at Genting Berhad, a company listed on the Bursa Malaysia Securities Berhad as a Management Trainee in 1984 and served for 2 years.

In 1987 he joined QL Feedingstuffs Sdn. Bhd. as a sales executive and was appointed as a director of QL Feedingstuffs Sdn. Bhd. on 22 June 1987. In line with the transfer of business from QL Feedingstuffs Sdn. Bhd. to QL Feed Sdn. Bhd., he was appointed as the director in charge of sales and trading function at QL Feed Sdn. Bhd. As a result of his vast experience in feed raw material distribution, he has helped the Company to establish a very strong distribution network.

He is the brother to Dr. Chia Song Kun and Mr. Chia Song Kooi. He has indirect interest in QL by virtue of his interest in CBG Holdings Sdn. Bhd., a major shareholder of QL.

He attended all six board of directors' meetings held for the financial year.

Mr. Chia Song Swa has no conflict of interest with the Company and he has no convictions for any offences within the past five years, other than traffic offences (if any).

Mr. Chia Mak Hooi

Mr. Chia Mak Hooi, aged 52, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000. He graduated from Arizona State University, USA with a degree in Accounting and Finance in 1988.

He started his career in 1989 as an Assistant Accountant at Concept Enterprises Inc.. In 1991, he joined QL Feedingstuffs Sdn. Bhd. as Finance Manager where he was mainly responsible for the accounts, tax and audit planning, and cash management and liaised with bankers for banking facilities. In 1996, he was appointed Finance Director of QL Feedingstuffs Sdn. Bhd., and was involved in the proposed listing of the Company on the Second Board of Bursa Malaysia.

Currently, he is actively involved in group corporate activities and strategic business planning and also group integrated livestock business expansion programs both locally and overseas.

Mr. Chia Mak Hooi is the director of EITA Resources Berhad and Group, a company listed on the Main Market of the Bursa Malaysia Securities Berhad on 9 April 2012. EITA group of companies is involved in the distribution and manufacturing of electrical related products.

He is the nephew to Dr. Chia Song Kun, Mr. Chia Song Swa and Mr. Chia Song Kooi. He has indirect interest in QL by virtue of his interest in CBG Holdings Sdn. Bhd., a major shareholder of QL.

He attended all six board of directors' meetings held for the financial year.

Mr. Chia Mak Hooi has no conflict of interest with the Company and he has no convictions for any offences within the past five years, other than traffic offences (if any).

Mr. Cheah Juw Teck

Mr. Cheah Juw Teck, aged 48, male, Malaysian, was appointed as an Executive Director of the Company on 1 June 2011.

He holds a degree in Food Technology from University Putra Malaysia (1993).

Prior to joining QL Group in 1994, he was involved in quality control in S & P Foods Bhd as quality control executive. In 1994, he joined QL Group as operations manager to set up the surimi and surimi-based products business and subsequently was appointed as a Director of QL Foods Sdn. Bhd. in 1997. He is also the director in charge of the surimi and surimi-based products division in QL Group as well as the expansion programs in overseas.

Mr. Cheah Juw Teck is the nephew to Dr. Chia Song Kun, Mr. Chia Song Swa and Mr. Chia Song Kooi.

He attended all six board of directors' meetings held for the financial year.

He has no conflict of interest with the Company and he has no convictions for any offences within the past five years, other than traffic offences (if any).

Mr. Chieng Ing Huong, Eddy

Mr. Chieng Ing Huong, Eddy, aged 59, male, Malaysian, was appointed as a Senior Independent Non-Executive Director of the Company on 24 December 2001. He is also a member of the Audit, Nominating and Remuneration Committees.

Mr. Eddy Chieng graduated in 1980 from the University of New South Wales, Australia with a Bachelor of Commerce Degree with Merit in Accounting, Finance and Information Systems. He qualified as a Chartered Accountant in 1981 and is a Fellow of the Institute of Chartered Accountants, Australia. He is also a Chartered Accountant registered with the Malaysian Institute of Accountants since 1983.

Mr. Eddy Chieng has extensive senior management experience having been involved in a number of successful entrepreneurial businesses in Malaysia and overseas; primarily in ASEAN, Hong Kong and Australia.

Mr. Eddy Chieng is also the Executive Chairman of Esthetics International Group Berhad and Chairman of Selangor Dredging Berhad. He was previously the Founder/ Managing Director of Nationwide Express Courier Services Berhad, Executive Director of OSK Holdings Berhad, Independent Non-Executive Director of Ancom Berhad, Nylex (Malaysia) Berhad, OrotonGroup Limited (ASX listed) and Chairman of Asia Poly Holdings Berhad. In addition, he was instrumental in bringing Fedex to Malaysia and was a Director of Federal Express Malaysia for a number of years.

He attended all six board of directors' meetings held for the financial year.

He does not have any family relationship with any director and/or major shareholder of the Company. Mr. Eddy Chieng has no conflict of interest with the Company and he has no convictions for any offences within the past five years, other than traffic offences (if any).

Mr. Tan Bun Poo, Robert

Mr. Tan Bun Poo, Robert, aged 67, male, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 June 2011. He is also a member of the Audit, Nominating and Remuneration Committees.

He graduated with a Bachelor of Commerce from University of Newcastle, Australia and thereafter qualified as a Chartered Accountant of the Institute of Chartered Accountants in Australia in 1997. He is a member of The Malaysian Institute of Accountants (MIA), The Malaysian Institute of Certified Public Accountants (MICPA), The Malaysian Institute of Taxation and a fellow member of The Institute of Chartered Accountants in Australia. He is a member in the Auditing & Assurance Standards Board established under the auspices of MIA and has served as a council member of MICPA up to June 2015.

Mr. Tan Bun Poo, a practicing accountant, has more than 37 years of experience in the audits of various industries, including banking and financial services, manufacturing, hospitality and services. His other experiences include reporting accountants work relating to Initial Public Offerings and other corporate exercises, leading assignments in corporate acquisition and overseeing the provision of risk management and internal audit services. Mr. Tan was a retired senior partner with Deloitte Malaysia.

Mr. Tan is also a director of UEM Edgenta Berhad, AmCorp Properties Berhad, RCE Capital Berhad, AmMetLife Takaful Berhad and AmInvestment Bank Berhad.

He attended all six board of directors' meetings held for the financial year.

Mr. Tan Bun Poo has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five years, other than traffic offences (if any).

Professor Datin Paduka Dr. Aini Binti Ideris

Professor Datin Paduka Dr. Aini Binti Ideris, aged 64, female, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 January 2016. She is also a member of the Audit Committee.

She graduated with Doctor of Veterinary Medicine (DVM) degree in 1979 from Universiti Pertanian Malaysia - UPM (currently, Universiti Putra Malaysia) and receiving her Masters in Veterinary Science (MVSc) degree in Avian Medicine in 1981 from University of Liverpool, England. She was awarded PhD degree in 1989 by UPM. She continued her post-doctoral training at University of California Davis, USA and received Asian Development Bank Fellowship in 1993 for further postdoctoral training at Cornell University, USA.

Professor Aini is actively involved as Council Member of Academy of Sciences Malaysia, Council Member of Malaysian College of Veterinary Specialists (MCVS), Member of Board of Governance of International Medical University (IMU); International Medical College (IMC), Member of Board of Directors of Yayasan Putra Business School; UPM Education & Training, Council Member of Malaysian Cancer Research Institute (MCRI) and Executive Member of National Cancer Council (MAKNA). She is the Founding Chairman, Board of Directors of UPM Holdings Sdn. Bhd.. In December 2013, she was appointed as member of International Advisors of Women Issues, under the Minister at Prime Minister's Department.

At UPM, she give lectures, conduct practical classes and provides clinical training. She is also an external examiner for Masters and PhD theses at several universities, including University of Queensland, Australia.

She is actively involved in research, studies on development of conventional and genetically engineered vaccines as well as in professional associations. She has wide experience in publications, editorial work, consultation on avian health services to poultry farmers all over Malaysia, keynote or plenary speaker and successfully organised a number of national and international workshops and conferences, as Chairman or Committee member. She is also involved in voluntary services.

Currently, she is the Vice-Chancellor for Universiti Putra Malaysia (UPM) and the first Director for Corporate Strategy & Communications Office (CoSComm), UPM. Also the Coordinator for the National Centre of Excellence for Swiftlets, under MOA, Deputy President of World Federation of World Peace Malaysia, member of Investigating Tribunal Panel for the Advocates and Solicitors Disciplinary Board of the Bar Council, Malaysia and Vice President of World Veterinary Poultry Association (2015-2019).

She attended four out of six board of directors' meetings held for the financial year.

Professor Aini has no family relationship with any director and/or major shareholder of the Company. She is recently appointed as an Independent Non Executive Director of Malayan Flour Mills Berhad. Besides this, she has no other conflict of interest with the Company. She has no conviction for any offences within the past five years, other than traffic offences (if any).

Mr. Chia Lik Khai

Mr. Chia Lik Khai, aged 38, male, Malaysian, was appointed as an Executive Director of the Company on 21 November 2016.

He graduated from the MBA program of Wharton Business School, University of Pennsylvania, United States where he focused on Entrepreneurship and Corporate Finance. He also received his Master of Science and Bachelor of Science in Electrical Engineering from University of Michigan, Ann Arbor, United States.

Prior to joining QL Resources Berhad and Group, he was with McKinsey & Company in Shanghai, where he was an affiliate of Global Energy & Materials and High-Tech practice. During his tenure there, he focused on serving global clients in renewable energy, consumer products and high-tech sectors on strategy, mergers and acquisitions as well as sales and marketing. He also possesses extensive management experience in high-tech, telecommunications and internet commerce. He spent eight (8) years in the semiconductor industry with Agilent and Avago Technologies in Silicon Valley, where he assumed multiple roles as R&D staff, New Product Manager and Marketing Manager.

He subsequently joined QL Resources Berhad as Group Corporate Development Director and was appointed as the Executive Director of a few subsidiaries of QL Resources Berhad in 2009. He oversees the group strategic business planning and expansion.

Mr. Chia Lik Khai is also the Deputy Managing Director of Boilermech Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

He is the son of Dr. Chia Song Kun, nephew to Mr. Chia Song Swa, Mr. Chia Song Kooi, Mr. Chia Seong Pow and Mr. Chia Seong Fatt.

Since his appointment, he attended only one board of directors' meetings held for the financial year.

Mr. Chia Lik Khai has no conflict of interest with the Company and he has no convictions for any offences within the past five years, other than traffic offences (if any).

Key Senior Management

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1. Dr. Chia Song Kun

Group Managing Director

Please refer to Directors' Profile page 10

2. Mr. Chia Song Kooi

Deputy Group Managing Director

Please refer to Directors' Profile page 11

3. Mr. Chia Seong Pow

Executive Director

Please refer to Directors' Profile page 11

4. Mr. Chia Seong Fatt

Executive Director

Please refer to Directors' Profile page 11

5. Mr. Chia Song Swa

Executive Director

Please refer to Directors' Profile page 12

6. Mr. Chia Mak Hooi

Executive Director

Please refer to Directors' Profile page 12

7. Mr. Cheah Juw Teck

Executive Director

Please refer to Directors' Profile page 12

8. Mr. Chia Lik Khai

Executive Director

Please refer to Directors' Profile page 14

9. Mr. Chia Song Kang

Executive Director

Mr. Chia, aged 66, male, Malaysian, joined QL Group as a Director in January 1987. He is in charge of the overall operations in QL Endau Group since 1987. He was appointed as EXCO member of QL in December 2004.

He is the brother to Dr. Chia Song Kun, Mr. Chia Song Kooi and Mr. Chia Song Swa. He has indirect interest in QL by virtue of his interest in CBG Holdings Sdn. Bhd., a major shareholder of QL.

He has no conviction for any offences within the past five years, other than traffic offences (if any).

Chairman's Statement

Dear Shareholders,

2017 is a milestone year for QL Resources Berhad. This year, we celebrate our 30th anniversary. Entrepreneurial spirit, integrity, innovation and vision have held and helped us on the straight and narrow path, delivering continuous growth for 30 years.

In such a momentous year, it is a privilege for me to be able to report another year of profitable performance and sustained growth momentum despite formidable challenges. The group oversaw growth in revenue and PBT by 6% and 4% respectively against the financial year ended 31 March 2016. This represented a RM158.1 million increase in top line and RM11.03 million in PBT to close the year with RM3.012 billion revenue and RM260.5 million PBT.

QL continued our steady growth trajectory in the face of various market disruptions such as overproduction of eggs which led to changes in price equilibrium, and unpredictable weather patterns affecting fish catch and palm oil production.

The group has continued to adhere to our strategies of replicating proven business models domestically and regionally as well as expanding the existing value chains. QL continuously seeks opportunities to expand not just horizontally but vertically across business pillars, with downstream expansion being the current driving ambition.

In that vein, FY2017 saw the successful rollout of the FamilyMart convenience-store chain in Malaysia according to plan. The foray into the convenience store business is a strategic extension of the current businesses that QL operates, providing a direct avenue to the population. The reception to FamilyMart has been extremely encouraging. As at 7 July 2017, 14 stores have been opened in the Klang Valley.

With prudence and calculated planning, the Group has continued on the outlined expansion agenda, enhancing capacities in upstream and downstream activities in particular in Marine Products Manufacturing (MPM), Integrated Livestock Farming (ILF) and extension into more FamilyMart convenience stores.

Kicking off our 30th anniversary celebration, QL announced a special once-off 3.0 sen interim dividend and 30% bonus issue as a token of appreciation and to reward our loyal shareholders who have supported us through the years. The bonus issue is subject to approval of shareholders during the upcoming AGM.

I take this opportunity to congratulate shareholders who have put their belief in QL, viewing QL as a stock for long term investment. A shareholder who bought 1,000 units when we went public at the IPO price of RM2.50 per share would have seen their RM2,500 investment 17 years ago ballooned to a value of RM130,782 as at 28 April 2017. This worked out to be a compounded return rate of 26.2% over 17 years, and indeed epitomises QL's core value of "everybody wins".

QL's growth and expansion is reflected in our market capitalisation that grew from RM5.4 billion as 31 March 2016 to RM5.7 billion at the close of this financial year.

CORPORATE GOVERNANCE

Ingrained into the very essence of QL's businesses is the edict to provide Value for All. As such, QL seeks to provide value to all stakeholders the group has direct dealings with as a conscientious corporate citizen. This overriding principle has seen QL flourish and grow steadily in the face of various challenges year after year. Integrity and ethicality are vital in the current business climate, where temptation to blur best practices in pursuit of better margins may arise.

Accountability will remain fundamental in all our practices. It is a prerequisite to earning trust. Trust is an invaluable asset, which we will safeguard and protect without prejudice. Stringent controls of our business practices and strict implementation of SOPs across all divisions and subsidiaries play a critical role alongside QL's culture of instilling innovation.

FY2017 also marks the first year that we have prepared a comprehensive sustainability report in line with Bursa Malaysia's listing requirements.

Our corporate governance statement and reports can be read on pages 28 to 40.

APPRECIATION

This is my 17th year on this journey of continuous growth with QL, which is diverse not just in business pillars, locations of business but also in talents. I could not have asked for a more accountable and respectable board and management team to steer this dynamic vessel. Together with the employees at all levels, they demonstrated passion and results, well above expectations at times. Kudos to QL's team!

REVENUE

Up 6%

This represented a RM158.1 million increase in top line to close the year with RM3.012 billion revenue.

I also extend my gratitude to all loyal shareholders and stakeholders for their resolute confidence in QL to strategise and chart the growth course for the group, year after year.

At the crux of every business is customers, and I would like to record my appreciation to our customers for their trust in QL.

Looking forward, I am optimistically confident that QL will further strengthen our market position as the leading surimi-based manufacturer and egg producer in Asia as we continue to build presence in the sustainable palm oil sector. At the same time, FamilyMart will catalyse another exciting and sustainable growth phase in QL.

As we open the fourth decade chapter of QL's history book, continuing with our consecutive growth record will become even more challenging in view of the bigger base, more diverse operating locations and also business environments. Nevertheless, I am confident the team will do their utmost to deliver a low teen double digit CAGR in the coming decade, market challenges notwithstanding.

YM TENGKU DATO' ZAINAL RASHID BIN TENGKU MAHMOOD
Chairman

Management Discussion and Analysis

GROUP BUSINESS, STRATEGY AND OBJECTIVES

The financial year under review of 1 April 2016 to 31 March 2017 was a period where QL Resources Berhad remained steadfast to our three-pronged strategy and worked hard to deliver growth.

The strategy put in place to ensure that the Group continues to deliver double digit compounded annual growth rate (CAGR) until 2020 remains:

- **Regional replication** where core activities and value chains are replicated in major Southeast Asian markets
- **Strengthening value chain** via upward and downward integration to strengthen competitive position
- **Downstream integration** in consumer food that will evolve QL into a consumer food company via strategic long-term scalable business, to heighten brand position and increase channel access

Being a diversified consumer group with three main pillars of business activities - Marine Products Manufacturing (MPM), Integrated Livestock Farming (ILF) and Palm Oil Activities (POA), QL is subject to the vagaries of nature, uncertain global economy and depreciating Ringgit from different fronts. This was a period where once again QL withstood challenges, from lingering El Nino effects, weak consumer sentiments, higher operating cost, egg price consolidation to weather-related unpredictable low fish cycle. In these stormy clouds, the silver linings came in the form of increase in our palm oil production volume, CPO prices that trended upwards, and the launch of our downstream extension into convenience store – FamilyMart – to much excitement and overwhelming market acceptance.

FINANCIAL PERFORMANCE REVIEW

Under this review period where the Ringgit depreciated about 12%, QL finished FY2017 on firm footing with a growth of 6% in top line and 4% in Profit Before Tax (PBT), which translated to RM158.1 million and RM11.03 million respectively to close the year with a PBT of RM260.5 million on the back of RM3.012 billion revenue.

QL managed to sustain a PBT margin of 8.6%, comparable to that of FY2016, as the challenging business environment continued, where domestic consumption slowed down, operating cost rose, labour supply was short, and weather dictated fish catch and palm oil yield.

Like the resilience of our local operations, the overseas operations in Indonesia and Vietnam overcame a different set of circumstances to return a growth of 17% or RM83.3 million to vault regional operations revenue to RM561.4 million. This translated to a contribution of 18.6% to our group revenue, up from the 16.8% regional operations revenue contribution of FY2016.

Correspondingly, regional operations EBIT margin rose to 10.4% as compared to the 7.4% registered in FY2016 to RM68.8 million.

Overall, all three main revenue pillars of MPM, ILF and POA posted improved performance this FY as compared to FY2016, buoyed by strong demand for fishmeal from overseas market, stable fishmeal prices, improved contribution from overseas operations bases, higher CPO prices and recovery in quantity of fresh fruit bunch production and processing. Each of these business pillars was not without its own concerns but with determination, persistence and good planning, QL was able to plough through the challenges and continue sowing seeds.

On the MPM front, revenue grew slightly by RM36.2 million or 4.3% to RM877.1 million this financial year, where impact from the low fish cycle was countered by the increased contribution from processed products. MPM had paradoxical outcome; revenue rose whereas PBT fell RM20.2 million or 12% year-on-year to RM146.5 million, pressured by higher cost of

> "We have continued to emphasise on building and expanding on our strengths while ensuring values and quality remain cornerstones in all our activities."

raw materials, especially imports where the fluctuating Ringgit eroded margins substantially. MPM accounted for 29.1% of the total group revenue. The profitability of the numerous activities that value add the final products under MPM is reflected in the PBT contribution, which stood at 56.3%.

As with previous FY, ILF accounted for the lion's share of group revenue at 59.2% contribution or RM1.783 billion, a 4.6% increase from the RM1.705 million recorded in FY2016. In a business where there are multiple external factors that can impact results, QL's strategy of not putting all the eggs in one basket paid off. The ten ILF operations bases of QL had mixed fortunes. Egg production bases including those in Peninsular Malaysia were impacted by the oversupply in the market and also took a hit from weakened consumption sentiment due to the H5N1 in Kelantan scare, resulting in a crushing force on egg prices. The contributions from regional and East Malaysia farming operations buffered and provided the growth in this sector. Operations focussing on feed mill and broiler activities enjoyed outstanding profitability courtesy of improved farming efficiency. All in, QL managed to emerge from the 2016-2017 tumultuous ILF industry to record an increase of RM17.9 million or 25.2% in PBT to contribute RM88.9 million or 34.1% to group PBT.

Currently the smallest contributor at 11.7% to FY2017 group revenue, the importance of POA as a dependable long term revenue contributor cannot be discounted. The increase in fresh fruit bunch yield and processing enabled QL to capitalise on CPO prices that were on the uptrend. Driven by these compounding factors, POA grew RM43.8 million or 14.2% year-on-year to a revenue of RM351.8 million in FY2017, while PBT rose RM13.3 million or 115% to RM24.9 million, accounting for 9.6% of group PBT. This performance has taken into account the lower contribution from associate company, Boilermech Holdings Berhad due to the lagging adverse effect of the poor performance of the palm oil industry last year.

In terms of market reach, QL counts countries and regions such as Australia, China, Europe, Hong Kong, Japan, North America, Southeast Asia and Taiwan as export destinations for various processed, value-added products especially those from MPM activities.

REVIEW OF OPERATION

As a multi-billion group with core activities in three clear verticals in food and food-related production, QL is cognisant of the importance of having well thought growth strategies for each pillar and staying focussed. Thus, we have continued to emphasise on building and expanding on our strengths while ensuring values and quality remain cornerstones in all our activities.

ILF 59.2%
Group Revenue Share

At RM1.783 billion, ILF's performance in this tumultuous year for the industry still contributed the lion's share of the Group's revenue.

With operations spanning three countries, QL dug deep to pave inroads into each of these nations, in particular Indonesia and Vietnam. With their proximity to Malaysia, these neighbouring countries provided convenient geographical growth where close monitoring is easier.

Last year, we reported a capital expenditure (capex) allocation of RM300 million for FY2017. Most of this amount has been spent to increase capabilities mainly in MPM and ILF. The balance is expected to be fully expended by end of FY2018.

Another capex of RM300 million has been set aside for capacity expansion projects in FY2018. This amount is approximately 10% of our top line and in line with our annual allocation to continuously power future growth.

Marine Products Manufacturing (MPM)

Our play in MPM is dotted in upstream to downstream activities. At the source of the chain, QL is involved in deep-sea fishing and aquaculture farming, whilst surimi and fishmeal production as well as consumer foods dominate in downstream, value-add processing activities.

Our wide casting of net in the marine products chain helped produce approximately 135,000 metric tonnes of surimi, fishmeal, surimi-based products and frozen fish in FY2017. This total tonnage was 5,000 tonnes short of the 140,000 tonnes produced last FY, largely due to lower fish catch.

Our previous outlook of growing export prospects through capacity expansion, innovative and new products in addition to brand leadership is being realised.

Key MPM Developments

As the divergence of this business pillar into MPM Upstream and Food divisions takes distinct shape, QL's hand on the multiple projects to support this development is firm and steady.

In upstream activities, our fishing fleet in Endau has grown from 21 to 25, increasing our deep-sea fishing capabilities. With the support and good partnership with the various vendors and authorities, this number of fleet exceeded the planned 24 as reported in the last annual report.

Complementing our deep-sea fishing capabilities is our foray into aquaculture in the continuous efforts towards ensuring sustainable upstream sources as well as securing the internal supply chain for MPM downstream activities. After overcoming an initial bumpy learning curve, the measures undertaken at the Kudat farm have paid off with improvement in results seen towards the end of FY2017. This result increased our confidence for the addition of a new site in Pekan, Pahang for further prawn aquaculture activities. The learnings from Kudat are being applied in the Pekan facilities, giving the new site in East Coast of Peninsular Malaysia, a potentially stable head start.

Construction of the RM25 million frozen marine products processing plant in Tuaran, Sabah has been completed. This new plant was immediately commissioned and put to good use, processing prawns for export in particular to Australia and China. The recent award of the Hazard Analysis and Critical Control Point (HACCP) certification by the Ministry of Health, Malaysia adds further credence to the good practice we adhere to in our production.

On the downstream side of MPM i.e. the Food division, the projects that were underway are on track as planned. The RM40 million capacity increment investment into a new surimi-based products plant in Hutan Melintang is making steady progress in time for completion in FY2018. Also ongoing is the construction of another new factory dedicated to processing frozen products that is scheduled for completion in FY2018 as well, at an investment of RM40 million.

QL is now in the next phase of migrating the production of frozen surimi-based products from the factory in Johor Bahru to the new plant in Kulai. With Phase I completed last year, QL is focussing on fully establishing this new operation as the main manufacturer of Figo branded marine-based food products.

Meanwhile, plans to start manufacturing surimi in Surabaya, Indonesia ran into the strong currents of government fishing restrictions and as such, we are sheltering for the moment. Nevertheless, a new Indonesian subsidiary has been incorporated in preparation for when the currents let up.

MPM Outlook

Marine-based products, being a recognised source of protein, is a food item that is widely accepted across creeds. QL's strong position as the largest surimi and surimi-based products manufacturer in Asia as well as largest halal fish-based products manufacturer and fishmeal producer in Malaysia has positioned us well to enter new markets as well as capture a larger share of existing markets.

The weaker Ringgit brought about a thermocline effect - making our processed products hot for the export market with its attractive pricing; cold on our raw material imports with the higher exchange required.

We will continue to invest prudently towards securing upstream resources, and downstream value add processing via increasing use of automation. Concurrently, we are also looking into building brand recognition for our products to promote wider preference.

Weather-related unpredictable low fish catch cycle is anticipated to prolong, causing an adverse effect on our MPM activities in the first half of FY2018. Although this might be countered by higher prices of fish and marine-based products, MPM is anticipated to face a tough FY2018 if there is no improvement in fish catch in the second half of the year.

Integrated Livestock Farming (ILF)

Vigilance and Care. These two words sum up the relentless efforts that have helped add the position of third largest egg producer in Asia to QL's cap. QL is involved in more than just egg production in this business pillar. In ILF, QL is involved from the feeding chain down to egg production through these sub pillars: animal feed and raw material trade, commercial feed milling, layer farming, and broiler integration activities.

Our farms are located in Malaysia, Indonesia and Vietnam where similar climate and proximity ease farm management and enable better streamlining of supplies. The total production figures in FY2017 were close to those of FY2016 where production of eggs stood at 4.6 million eggs per day, while Day Old Chicks (DOC) and broilers were at 40 million and 20 million for the year respectively.

Key ILF Developments

This is a business where there must be a passion to constantly want to improve. This is a role entrusted to QL Poultry Centre of Excellence where research and development are carried out and best practices recommended for each of our farms on biosecurity measures, improvement of layer nutrition, broiler health, and increasing productivity.

In a business environment where the cost of doing business is always rising, QL pays close attention on the entire production chain, improving efficiency and reducing wastage to result in better cost efficiency. The smallest of efforts, when compounded, can have a cascading positive overall effect.

After hurdling initial challenges of congestion at import origin loading port, our raw material trade improved as QL expanded our regional trade reach in Indonesia and Vietnam as planned. The new feed mill in Indonesia, which has begun operations, is now contributing positively. At the same time, the new 10,000 metric tonnes feed mill in Kuching will be completed on schedule by FY2018. In the pipeline is the expansion of the existing feed mill in Kota Kinabalu to double its current capacity.

Even as the egg industry experienced a mixed fortune period in FY2017, our layer farm productivity continued to improve. QL being the biggest egg producer in Southeast Asia was able to withstand the different competitive and challenging situations and develop our layer activities to increase production in Malaysia and Vietnam accordingly whilst cautiously ramping up production output in Indonesia.

Building of the new integrated layer farming project in Raub is ongoing with completion slated for the end of FY2018. With an earmarked investment of RM50 million, this new layer farm will have a capacity of 500,000 eggs per day upon completion of its first phase. QL is continuously exploring suitable land acquisition for layer farming expansion.

QL's egg production also received a major boost in FY2017 when the base in Pajam, Negeri Sembilan was awarded numerous certifications for the premise or products after passing various stringent checks and audits. The eight certifications are:

- Halal certification from Jabatan Agama Islam Negeri Sembilan
- ISO 22000:2005 certification and HACCP certification from SGS
- HACCP certification, Quality Assurance Program (QAP) and Veterinary Health Mark (VHM) from the Department of Veterinary Services Malaysia
- Malaysian Good Agricultural Practices (MyGAP) for Livestocks certification from the Ministry of Agriculture and Agro-Based Industry, Malaysia
- "Food Safety is the Responsibility of the Industry" or "Makanan Selamat Tanggungjawab Industri" (MeSTI) certification from Ministry of Health, Malaysia

On the broiler integration activity front, QL expanded operations in Indonesia through an additional investment of RM15 million for new commercial broiler farm houses, to increase our monthly broiler capacity. The new third broiler farm in Kota Kinabalu was completed on schedule, while work on the new poultry processing plant in Tawau has commenced.

In fast moving consumer goods, especially food, the importance of brand recognition cannot be underestimated. It is sometimes the only reason that encourages preference and hence, gaining that premium advantage for QL branded eggs. To this aspect, we are pleased that 'QL Eggs' retains strong market acceptance in the region. With its nutrient advantage, QL Eggs consistently gains shelf space in modern trade as well as supply to fast food chains, extending our reach right into households and at direct consumer touchpoints.

ILF Outlook

The outlook for ILF in the coming year is generally optimistic, where QL's feed mill operations are picking up steam, with focus in higher margin feed. This increase in feed mill volume and related raw material trade will translate to potentially higher revenue contribution.

The strengthening of our broiler integration activities which saw improved results across all our operating bases, will continue to be stepped up to further improve efficiency and capacity in FY2018. A significant chunk of our capex have been and will be channeled to this end. This integration activities is en route to becoming our main focus within the ILF pillar.

Meanwhile, the activities to expand and improve operations at layer farms have resulted in higher egg production and this is expected to continue. However, egg prices are anticipated to reflect the different consumption demands in the region, again giving this segment a mixed fortune.

The rising cost of operations however will continue pressuring margins. However, not unlike marine-based products, ILF products such as ours are also a validated source of protein and are featured substantially in the diet of majority of the population. We believe the demand for ILF products will not wane. Overall, promising growth is projected for this business pillar.

Palm Oil Activities (POA)

Like our two other business pillars, QL's interest in palm oil activities range from plantation (upstream) to milling (downstream). In terms of plantation assets, we hold 1,200 hectares of mature palm oil plantation in Sabah and 15,000 hectares of plantation in Eastern Kalimantan, Indonesia, of which 9,000 hectares are planted estates. QL operates three facilities to process harvested fruits, either own or from small and medium holders; two of these Crude Palm Oil (CPO) mills are located in Sabah while the third is in Eastern Kalimantan, Indonesia. We also have an approximate 42.6% equity interest in Boilermech Holdings Berhad, one of the largest biomass boiler manufacturers in Southeast Asia.

Key POA Developments

FY2017 was a good year for POA as CPO prices recovered strongly in the second half of the year in reaction to the 2016 El Nino weather phenomenon. While the effects of El Nino from the previous years persisted, the profile of our plantation especially those in Indonesia, played in our favour as the younger trees were able to better withstand the dryness. As a result, the oil palm trees made good recovery to produce more fresh fruit bunch (FFB). FFB production in FY2017 reached almost 100,000 metric tonnes.

This increased harvest in turn gave rise to increased palm oil processing activities at the mills. The mills were also busier with more processing activities, translating to improved performance.

POA Outlook

After pushing a high of RM3,320 per metric tonne on 24 January 2017, we believe FY2018 will be a better year for POA as CPO prices are projected to stabilise at RM2,500 to RM2,700 per metric tonne.

The Indonesia plantation which currently accounts of almost 90% of our planted estate, is also gradually maturing. As such, higher FFB harvest is anticipated and the timing is opportune for QL to capitalise on this recovery of CPO prices. Our FFB production is expected to increase to 135,000 metric tonnes.

With the recovery of the CPO prices, the pessimism shrouding the industry is also slowly being lifted and this augurs well for Boilermech Holdings Berhad.

Taking the various developments into account especially with the maturity profile of our plantation and CPO prices, we are confident of harvesting optimistic results in POA.

Downstream Extension Activities (FamilyMart)

Following the announcement of our expansion beyond downstream activities, QL worked tirelessly to deliver on our promise of opening FamilyMart convenience stores that offer a marked difference in products, services and experience to customers in Malaysia.

On 11 November 2016, we opened our pilot store in Wisma Lim Foo Yong, Kuala Lumpur. The nondescript location and quiet manner in which it was opened were intended so as to provide QL the opportunity to trial systems and operations. Thus, the overwhelming public reaction and welcome took everybody by surprise and the frenzy set the tone and pace on which FamilyMart were to develop in Malaysia.

Three weeks after the pilot store opened, QL officially launched FamilyMart convenience store in Malaysia at its Mid Valley outlet. The support from media and response from public were unprecedented, paving the way for the successful introduction of a convenience-chain store with emphasis on ready-to-eat food and beverages, providing added convenience to consumers.

A wholly-owned central kitchen is currently producing the bulk of the ready-to-eat food sold in all the outlets. FamilyMart is also partnering various vendors to provide an ever-evolving range of products and services to meet customers' level of needs.

The immediate focus is to fill the gap in the Klang Valley before venturing into other territories. Seven months after the first store opened, the network of FamilyMart stores have grown, with 14 stores operational as at 7 July 2017. Convenience store, being relatively easy to replicate is a segment of business that goes

beyond providing growth impetus. It is in line with the outlined growth strategy of downstream long-term scalable business.

QL is confident that the move to extend into convenience store business via FamilyMart will strengthen the Group's position and growth strategy for the long term especially in view of the comparatively low penetration of convenience stores in Malaysia. The FamilyMart expansion plan is anticipated to progress accordingly.

RISKS AND CHALLENGES

In an increasingly challenging economic environment that has given rise to uncertain market sentiments and cautious consumer spending, we err on the conservative side of risks. Shrewd approach is applied across areas of challenges be it information technology, financial or operational.

IT

With the Internet becoming the main mode of communications and documenting business, network and data security is a prime concern. As ransomware activities, worm and virus attacks, spyware, malware, trojans and hacking incidences are on the rise globally, QL constantly assesses the integrity of our IT systems, issues best practice advice company-wide, and is working on our cybersecurity framework.

Financial

In financial aspects, QL faces challenges in forex rates as we trade with suppliers and customers internationally, as well as credit and interest rates. The depreciation of the Ringgit and economic conditions that result in soft consumer sentiment is expected to stabilise, ushering in a period of relatively less volatility in financial related areas. Nevertheless, we closely monitor developments that might tilt the situation, and hedge in our forex exposure.

Movement in the Ringgit coupled with commodity price fluctuations can have a significant impact on our business. Whilst we are able to pass the cost increase through to customers, we do so only after containing the overall increase as far as possible.

Operational

Biosecurity and Disease Control

Concerns of biosecurity is high on our agenda as it affects production as well as quality, the bedrock of the success of our products. Proactive measures in disease control and biosecurity is a compulsory SOP across all our operations even as we continuously innovate our processes.

Change in Regulations and Policies

With our production bases located in Malaysia, Indonesia and Vietnam, our business is sensitive to changes in regulations in particular new restrictions or policy implementation. We strive to comply with all regulatory requirements and as such, keeping an ear to the ground will enable us to be better prepared to address any changes in regulations and policies that may arise, therefore minimising impact to the business.

Depleting Natural Resources

In areas related to depleting fish resources, tighter government control on licensing, preventing encroachment of foreign fishing boats, and encouraging large purse seiners will help to mitigate the depletion of fish catch. Alongside this, we have already commenced our aquaculture initiatives, which are more sustainable and are now bearing first fruits.

Food Safety

Being a diversified food group, food contamination is an area of key concern as any taint can be detrimental to our hard-earned customer trust. Continuous initiatives to enhance operational strengths and processes as well as strict adherence to SOPs and best practices are enforced in all our operating bases. Every staff member is instilled with the value of diligence and care to be conscientious and accountable for their assignments, as a collective effort towards ensuring food safety.

Weather

With climate change, weather patterns have altered bringing about extreme heat or dryness or unusually heavy rainfall. This in turn can affect fish cycles, health of our poultry layers and oil palm trees leading to an impact on FFB production. In a situation that is beyond anyone's control, QL prepares by being vigilant and innovating our processes.

As a business organisation, uncertainties are bound to invariably affect business and process. The key is our readiness to face and surmount them.

TREND AND OUTLOOK

The global economic outlook for 2017 is generally positive, with the World Bank projecting global growth of around 2.7% amidst a resurgence in manufacturing and trade, strengthening confidence, favourable financing conditions and stabilising commodity prices.

On the domestic front, Bank Negara Malaysia reported a 5.6% expansion of the Malaysian economy in the first quarter of 2017. The economy was uplifted by stronger domestic demand. Consumer spending is on a positive confidence trend; the Malaysian Institute of Economic Research's (MIER) Consumer Sentiment Index for this first quarter stood at 76.6 points, gaining 6.8 points quarter-on-quarter. Meanwhile, MIER's Business Consumer Index registered 112.7 points for this same quarter, the highest in 10 consecutive quarters, rising 31.5 points from the preceding quarter. The signs point to improving consumer spending and sentiments this year.

Furthermore, MIER also suggested the Ringgit's fair value against the greenback at RM4.20, a 6.4% strengthening of the Ringgit since the turn of the year.

These projections bode well for QL. With the main ingredients of feed raw material – namely corn and soybean – being traded in USD, compounded by prices of the said ingredients trending downwards due to global oversupply, a positive domino effect can be expected for QL. From cost of imported raw materials to the price of feed consumed by QL's own layers and broilers, the effect is a welcome on margins. Conversely, the Ringgit regaining some of its value could translate to reduced repatriated revenue and contributions.

El Nino's dwindling but lingering effect will be negligible on QL's POA FFB production. With CPO prices projected to stabilise, economy of scale for mill operations and improved performance of Boilermech Holdings Berhad, QL is optimistic of another year of reaping returns in this pillar.

However, the post El Nino weather pattern resulted in a low fish cycle in Malaysian waters starting in the second half of 2016 and this is anticipated to continue, thus will have a negative impact on FY2018 MPM activities.

Our three-pronged strategy has guided us well. In addition to this strategy as the main ingredients to catalyse and sustain our double digit CAGR, QL is looking at growing organically on well-toiled soiled fertilised by acquisitions of companies and/or assets. We are on active lookout for entities or businesses or assets that synergise with QL's core activities with the intention of acquisition, revamp and assimilation into our business pillars.

In a business that is sensitive to changes ranging from weather, logistics efficiency down to government policies and neighbourhood practices, QL never rests on our laurels and more importantly, does not count our chicks before they are hatched. Our advantage of being a diversified food group well rooted in the values of hard work, integrity, team work and innovation, has allowed a first 30 years of our journey that wove us into the rich fabric of regional business and everyday consumer life. With our core values as the consistent true north, we are excited at the prospects that await for the next 30 and more years of growth, contributing to the enrichment of our daily living and benefitting all as we step closer to our vision of being the preferred global agro based enterprise.

DR. CHIA SONG KUN
Group Managing Director

Audit Committee Report

The Audit Committee (AC) was established on 15 January 2000 by the Board of Directors to assist the Board in its oversight of the Company's financial reporting and, in fulfilling its fiduciary responsibilities relating to internal control. The Audit Committee is guided by its Terms of Reference as set out in the Company's website.

MEMBERSHIP

The present members of the Audit Committee comprise:-

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	Chairman/Independent Non-Executive Director
Chieng Ing Huong, Eddy	Member/Independent Non-Executive Director
Tan Bun Poo, Robert	Member/Independent Non-Executive Director
Prof. Datin Paduka Dr. Aini Ideris	Member/Independent Non-Executive Director

With two (2) AC members being members of the Malaysian Institute of Accountants, the Company meets the requirement of Paragraph 15.09 (1)(c)(i) of the Listing Requirements.

ATTENDANCE AT MEETINGS

During the financial year, the Committee held a total of five (5) meetings. Details of attendance of the Committee members are as follows:

Name of member	Number of meetings attended
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	4/5
Chieng Ing Huong, Eddy	5/5
Tan Bun Poo, Robert	5/5
Prof. Datin Paduka Dr. Aini Ideris	4/5

The Group Managing Director, Finance Director, Head of Financial Reporting and Investor Relations and Risk Management Manager were present by invitation in all the meetings. The Secretary to the Committee is the Company Secretary.

In the financial year under review, the Audit Committee held a meeting with the External Auditors without the presence of the executive board members and management, to allow the auditors to discuss any issues arising from the audit assignment or any other matter, which the External Auditors wish to highlight.

SUMMARY OF ACTIVITIES OF THE AC:

In accordance with the terms of reference of the AC, the following were the activities undertaken by the AC during the financial year:-

A) FINANCIAL STATEMENTS AND CORPORATE GOVERNANCE

1. Reviewed and recommended the Quarterly and Annual Financial Statements of the Company and Group (including announcements to Bursa) for Board's approval, focusing particularly on:

   - the appropriateness and relevance of accounting policies and practices adopted and their application;
   - any significant changes to the basis of preparation of the financial statements or new accounting standards adopted during the year which impacted the results or financial position of the Group;
   - the compliance with financial reporting standards and other regulatory or legal requirements;
   - any amendments to listing requirements and changes in Companies Act;
   - disclosure of related party transactions; and
   - significant accounting matters involving management's judgments or estimates, unusual events or transactions during the year or subsequent to year-end.

2. Reviewed recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations in the ordinary course of business of the Company and its subsidiaries to ascertain that, these transactions were undertaken on normal commercial terms and within the mandate given by shareholders.

3. Reviewed the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions and proposed new mandate for additional recurrent related party transactions of revenue or trading nature.

4. Reviewed non-current related party transactions to ascertain that it was undertaken at arms' length and was in the best interest of the Company.

5. Reviewed and recommended the Statement on Corporate Governance, AC Report and Statement on Risk Management and Internal Control, to the Board for its approval.

6. Reviewed the Terms of Reference of the AC to reflect the changes of the Listing Requirements which was issued by Bursa Securities.

B) INTERNAL AUDIT

1. Reviewed the Annual Internal Audit Plan which included the methodology, manpower requirement and proposed audit activities planned.

2. Reviewed the overall performance of the outsourced internal auditor to ensure their effectiveness in meeting audit objectives and professional standards.

3. Reviewed and deliberated the internal audit findings and observations arising from planned and ad-hoc audit and considered their recommendation to Management for improvement in internal control process.

4. Discussed with Internal Auditor pertaining to follow-up review and corresponding corrective actions taken by Management on audit issues to ensure that all the key risks and control lapses have been addressed.

C) RISK MANAGEMENT

1. Reviewed prior to the Board's approval, the Risk Management Framework and Risk Profile prepared by Risk Management Committee to ensure they are relevant and consistent with Group's business strategy and level of operations in safeguarding the Group's assets and profitability.

2. Reviewed and recommended the quarterly Risk Management Status Reports to the Board.

3. Reviewed the adequacy and effectiveness of the overall risk management process.

D) EXTERNAL AUDIT

1. Reviewed with the External Auditors:-

   - The audit plan, audit strategy and scope of work, especially on areas identified for audit focus for the year;
   - Issues arising from their annual audit, including their comments on group's financial internal control;
   - The key audit matters highlighted for inclusion in the audit report and the audit process in addressing them; and
   - The Group's financial reporting process including consolidation.

2. Assessed the objectivity, and independence of the External Auditors in carrying out their audit during the financial year and this included their appointment for non-audit services.

3. Evaluated the performance and competency of the External Auditors and recommended their re-appointment to the Board of Directors.

4. Met with the External Auditors on 30 May 2016 without the presence of the Executive Directors and Management, to review on any concerns/issues affecting their audit, including the level of cooperation rendered by Management relating to their access to financial information and accounting records.

5. Reviewed and recommended the appointment of the Company's External Auditors for the provision of non-audit services, after assessing and considering the following:-

    - The nature of the non-audit services by the external auditors or its affiliates and fees paid for such services relative to the audit fee;
    - The scope of work as required are permitted under the Malaysian Institute of Accountants By-Laws; and
    - The services would not impair their independence or there were safeguards against threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors.

INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to an independent professional consulting firm and, together with the group's designated Risk Management Manager, are tasked to provide assurance to the Audit Committee and the Board on the adequacy and effectiveness of the internal control systems and risk management processes in the Company and its subsidiary companies. The internal audit also acts as a source to assist the Audit Committee and the Board in strengthening and improving management and operational control in pursuit of best practices.

The internal audit is risk-based and has incorporated the Group's identified risks focusing on those which would have most impact to the business objectives of the Group. Among the focused areas were operational, financial as well as credit risk.

Activities

The activities undertaken by internal auditors are in conformance with the International Professional Practice Framework (IPPF) on Internal Auditing issued by the Institute of Internal Auditors (IIA).

The internal audit function provided the AC on a quarterly basis, an independent and objective reports on the state of internal control of the various operating business units within the Group, and the extent of compliance with the Group's established policies and procedures as well as relevant statutory requirements. Significant issues were identified, and discussed with Management and proposed remedial actions were deliberated and monitored.

The scope of the planned independent audit assignments covered the following:-

- Revenue control involving credit and cash sales and inventory management;
- Cost control including procurement of assets and purchases, human resources and information technology;
- Cash management; and
- Recurrent related party transactions.

During the financial year, the total cost incurred for the internal audit function is RM203,000.

Corporate Governance Statement

The Board of Directors of QL Resources Berhad recognises the importance of adopting high standards of corporate governance throughout the Group as a fundamental part of discharging its roles and responsibilities to protect, delivering sustainable value, enhance shareholders' value and financial performance of the Group.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is therefore committed to maintain high standards of corporate governance by supporting and implementing the prescriptions of the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG").

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Functions of the Board and Management

The Board is ultimately responsible for establishing all strategies and policies relating to the running of the Company.

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of Senior Management to manage the Company in accordance with the direction and delegations of the Board. The responsibility of the Board to oversee the activities of Management in carrying out these delegated duties.

Board's Roles and Responsibilities

The Company is led by an experienced and dynamic Board. It has a balanced board composition with effective independent directors. The Board plays a pivotal role in the stewardship of the Group and ultimately enhancing shareholders value.

The Board delegates and confers some of the Board's authorities and discretion on the Group Managing Director as well as on properly constituted Board Committees comprising Non-Executive Directors.

The Board is responsible for formulating and reviewing the Group's strategic plans and key policies, and charting the course of the Group's business operations whilst providing effective oversight of the Management's performance, risk assessment and controls over business operations. The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

The principal responsibilities of the Board include the following:-

- to review and adopt strategic plans, addressing the sustainability of the Group's business;
- to oversee the conduct of the Group's businesses and evaluate whether or not the businesses are being properly managed;
- to identify principal business risks faced by the Group and ensure the implementation of appropriate systems to manage these risks;
- to consider and implement succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing members of the Board and Senior Management;
- to develop and implement an investor relations programme or shareholder communications policy for the Company; and
- to review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board in line with the good governance practices and to enhance transparency, accountability and timely disclosure of material information, put in place the following policies and procedures which are made available at the Company's website at http://www.ql.com.my:-

a) Board Charter
b) QL Non-Audit Policy
c) QL Board Diversity Policy
d) QL Code of Conduct and Whistleblower Policy
e) QL Corporate Disclosure Policy

The Directors have a duty to declare immediately to the Board should they have any transactions to be entered into directly/indirectly with the Group. An interested Director is required to abstain from deliberation and decisions by the Board on the transaction and he/she does not exercise any influence over the Board in respect of the transaction.

Ethical Standards through a Directors' Code of Conduct and Employees' Code of Conduct

The Directors' Code of Conduct, which form part of the Charter, sets out the Board's standard of conduct and basic principles to guide the Board in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity.

The Group has recently put in place the Employees' Code of Conduct which encompass all aspects of its day to day business operations.

Directors and employees of the Group are expected to observe high standards of integrity in dealings in relation to distributors, employees, customers, business contact and society within the Group's operation to ensure compliance with all applicable law, rules and regulations to which the Group is bound to observe in the performance of its duties.

Company's Strategies for Sustainability

The Board recognises the environmental sustainability role as a corporate citizen in its business approach, and always endeavours in adopting most environmental friendly, ecological and cost effective production process.

The Board also endeavours in developing Group objectives and strategies having regard to the Group's responsibilities to its shareholders, employees, customers and other stakeholders and ensuring the long term stability of the business, succession planning and sustainability of the environment. A sustainability statement is also set out on pages 45 to 54 of this Annual Report.

Access to Information and Advice

The minutes of Board meeting are circulated to all Directors for their perusal prior to confirmation of the minutes at the commencement of the following Board meeting. The minutes will be signed by the Chairman of the meeting as a correct record of the proceeding of the meeting.

A record of submissions, papers and material presented to the Board is maintained and kept by the Company Secretary, including minutes of meetings, and is accessible to Directors during office hours.

All Directors (Executive and Non-Executive) have the same right of access to information relevant to the furtherance of their duties and responsibilities as Directors of the Company, subject to a formal written request to the Board Chairman/Group Managing Director furnishing satisfactory and explicit justification for such a request.

In addition, the Directors may obtain independent professional advices, where necessary, at the Group's expenses in furtherance of their duties.

Company Secretary

The Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duty effectively.

The primary responsibilities of the Company Secretary include:

- ensuring that Board procedures and applicable rules are observed;
- maintaining records of the Board and ensuring effective management of the Company's records;
- preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded; and
- carrying out other functions as deemed appropriate by the Board from time to time.

The Board is regularly updated and informed of any relevant regulations and guidelines issued by the regulatory authorities. The Company Secretary gives clear and sound advice on the measures to be taken and requirements to be observed by the Company and the Directors arising from new requirements issued by the regulatory authorities. The Company Secretary briefs the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia. She also serves notices to the Directors and Principal Officers on the closed periods for trading in the Company's shares, in accordance with the black-out periods for dealing in the Company's securities pursuant to the Main Market Listing Requirements.

The Company Secretary attends and ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are maintained in the minutes book at the registered office of the Company. The Company Secretary is also responsible for the operations of the secretariat functions, including lodgement with relevant statutory and regulatory bodies, the administration of Board and Board Committee meetings.

Board Charter

The Board Charter sets out the roles and responsibilities of the Board and Committees, and the rights, process and procedures of the Board includes the list of matters reserved for collective decision of the Board. It is drafted in accordance with the principles and recommendations of MCCG, fundamental requirements of provisions in the Companies Act 2016, Bursa Listing Requirements, Articles and Association of the Company and other applicable rules and regulations.

The Board Charter will be periodically reviewed and updated as and when deemed necessary and upon any new regulations that may have impact on the discharge of the Board's responsibilities.

The Board Charter covers the following key areas:-

- Roles of the Board, Individual Director, Executive and Non-Executive Director, Senior Independent Director, Chairman and Group Managing Director;
- Board Committees;
- Company Secretary;
- Composition and Board balance; and
- Board process including Directors' Code of Conduct.

The Board has established Employee's Code of Conduct which includes a Whistleblower Policy aimed to encourage employees or any parties to disclose any malpractice or misconduct of which they have become aware of and to provide protection for the reporting of such alleged malpractice or misconduct.

PRINCIPLE 2: STRENGTHEN COMPOSITION

The Board of Directors delegates specific responsibilities to the respective Committees of the Board namely, the Nominating Committee, the Remuneration Committee, the Audit Committee, the Executive Committee and the Risk Management Committee, all of which have their terms of reference to govern their respective scopes and responsibilities.

Nominating Committee

The Nominating Committee was established on 18 February 2002. The Committee consists entirely of Non-Executive Directors, all of whom are independent and chaired by the Board Chairman. The members and attendance during the year were:

	No. of meeting attended
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood – Chairman, Independent Non-Executive Director	2/3
Mr. Chieng Ing Huong, Eddy – Senior Independent Non-Executive Director	3/3
Mr. Tan Bun Poo, Robert – Independent Non-Executive Director	3/3

The Nominating Committee has oversee matters relating to the nomination of new Directors, annually reviews the required size and the required mix of skills, experience, assessment of Independent Directors, reviews succession plans and, boardroom diversity; oversees training courses for Directors and other requisite qualities of Directors, as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the performance, commitment, ability and contribution of each individual Director.

The Nominating Committee met three times during the financial year to review and assess on the following:

- training needs of each Directors;
- factors that used to assess whether a director has the time to effectively discharge its role as a director;
- succession planning progress; and
- nominating and recommending additional Board member and a Deputy Managing Director.

Subsequent to the financial year 2017, the Nominating Committee has on 29 May 2017 reviewed and assessed on the following:

- Directors' Performance;
- Board effectiveness;
- Committees' Evaluation;
- Directors' Skill Set; and
- the independence of its Independent Directors.

Criteria for Recruitment and Annual Assessment of Directors

For the assessment and selection of Directors, the Nominating Committee shall consider prospective Directors' character, experience, competence, integrity and time availability, as well as the following factors:

- industry skills, knowledge and expertise;
- professionalism;
- diversity;
- contribution and performance; and
- in the case of candidates for the position of Independent Non-Executive Directors, the Board shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

The Nominating Committee considers and recommends to the Board, nominee(s) for directorship and Board Committee membership upon assessing the fitness and propriety of the nominee(s) to act as Director/Board Committee member.

During the financial year ended 31 March 2017, the Nominating Committee has nominated and the Board has appointed Mr. Chia Lik Khai as an Executive Director in November 2016. He is currently spearheading the FamilyMart project and has served as a Corporate Development Director and a member of the Company's Executive Committee for more than 5 years.

The Company ensures that an induction program is in place for newly appoint Directors. The induction program aims at communicating to the newly appoint Director, the Company's vision and mission, its philosophy and nature of business, current issues within the Group, the corporate strategy and expectation of the Group concerning input from Directors.

The Board had on 25 February 2016 established a Board Diversity Policy formalising its approach to boardroom diversity. The evaluation of the suitability of candidates is solely based on candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company, including where appropriate, the ability of the candidates to act as Independent Non-Executive Director as the case may be. With the current composition, the Board feels that its members have the necessary knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively. All Directors on the Board have gained extensive experience with their many years of experience on company Boards and also as professionals in their respective fields of expertise.

In discharging its responsibility on succession planning, the Nominating Committee receives succession planning updates on the competency framework for the Group. The assessment is focused on competencies and leadership attributes as well as a pre-assessment work in a case study format. The same exercise is to be roll-down to the senior management and middle management. The main objective of the assessment is to assess individual performance against the pre-defined competency of their level.

Each year, the Board, through Nominating Committee, reviews the Board and Board Committee's effectiveness. These assessments are used to facilitate the Nominating Committee's evaluation of performance of the Board as a whole, its Committees and the contribution of each individual Director.

The Nominating Committee upon its annual assessment carried out for financial year 2017, was satisfied that:

- the size and composition of the Board is optimum with an appropriate mix of knowledge, skills, attributes and core competencies;
- the Board has been able to discharge its duties professionally and effectively in consideration of the scale and breadth of the Company's operations;
- all the Directors continue to uphold the highest governance standards in their conduct and that of the Board;
- all the members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective depth of knowledge, skills and experience and their personal qualities;
- the Independent Directors comply with the definition of Independent Director as defined in the Main Market Listing Requirements; and
- the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company as reflected by their attendance at the Board meetings and Board Committee meetings.

The Articles of Association of the Company provide that one third of the Board members are required to retire at every Annual General Meeting and be subjected to re-election by shareholders. Newly appointed directors shall hold office until the next annual general meeting and shall be subjected to re-election by the shareholders. The Articles of Association provided that all Directors shall retire once every three years.

As for Directors over seventy (70) years of age, the Companies Act 2016 (which repealed the Companies Act, 1965) no longer requires the continuation in office by a director over 70 years of age to be subjected to shareholders' approval at each Annual General Meeting. Accordingly, the re-appointment of the said Directors will thereafter be subjected to retirement by rotation.

The Terms of Reference for the Nominating Committee is available in the Board Charter which can be assessable from the Company's website.

Remuneration Policies and Procedures

The members and attendance of the Remuneration Committee during the year were:

	No. of meeting attended
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood – Chairman, Independent Non-Executive Director	2/2
Mr. Chieng Ing Huong, Eddy – Senior Independent Non-Executive Director	2/2
Dr. Chia Song Kun – Group Managing Director	2/2
Mr. Tan Bun Poo, Robert – Independent Non-Executive Director	2/2

The policy on Directors' remuneration practiced by the Company is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company. The remuneration packages of the Executive Director are structured to commensurate with the experience, knowledge and professional skills of the Executive Director and are also structured so as to link rewards with corporate and individual performance in the case of the Executive Director.

The Company takes into consideration information by independent consultants (where applicable) and survey results on the remuneration practices of comparable companies, including its financial performance in determining the remuneration packages of its Directors.

The Remuneration Committee recommendations to the Board the remuneration framework and the remuneration packages for the Executive Directors. None of the Executive Directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of Non-Executive Directors, with individual Directors abstaining from making decisions in respect of their individual remuneration. The Directors' fees are approved by the Company's shareholders at the Annual General Meeting of the Company. The Company reimburses reasonable expenses incurred by the Directors in the course of their duties as Directors.

The Directors are paid monthly fees and additionally for Non-Executive Director an attendance allowance of RM500.00 per day for meetings that they have attended.

The aggregate remuneration of directors of the Company and of the Group are as follows:

	← QL Resources Berhad →		← QL Group →	
Subject	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Aggregate Remuneration	**RM**	**RM**	**RM**	**RM**
• Directors' fees	585,333	360,000	1,046,267	360,000
• Salaries	–	–	5,284,080	–
• Allowance	–	10,000	43,800	10,000
• Bonuses	–	–	6,186,538	–
• Benefits in kind based on an estimated money value	–	–	122,757	–
Total	**585,333**	**370,000**	**12,683,442**	**370,000**

	QL Resources Berhad	
Band (RM)	**Executive Directors No. of Directors**	**Non-Executive Directors No. of Directors**
50,001 – 100,000	–	3
100,001 – 150,000	–	1
750,001 – 800,000	1	–
1,100,001 – 1,150,000	2	–
1,400,001 – 1,450,000	1	–
1,450,001 – 1,500,000	1	–
1,550,001 – 1,600,000	1	–
1,900,001 – 1,950,000	1	–
3,300,001 – 3,350,000	1	–

Audit Committee

The Terms of Reference for the Audit Committee is available in the Board Charter and is accessible from the Company's website. Further information on the Audit Committee are outlined in pages 25 to 27 of this Annual Report.

PRINCIPLE 3: REINFORCE INDEPENDENCE

Annual Assessment of Independent Directors

The existence of Independent Directors on the board by itself does not ensure the exercise of independent and objective judgment as independent judgment can be compromised by, amongst others, familiarity or close relationship with other board members.

Therefore, the Board with assistance from Nominating Committee will undertake to carry out annual assessment of the independence of its Independent Directors and focus beyond the Independent Director's background, economic and family relationships and consider whether the Independent Director can continue to bring independent and objective judgment to board deliberations.

The Nominating Committee had conducted an evaluation of level of independence of the Independent Non-Executive Directors of the Company through the Directors' self evaluation. The Board has received confirmation in writing from all the Independent Directors of their independence based on the criteria in line with the definition of "Independent Director" prescribed by the MMLR. The Board is satisfied with the level of independence of the Independent Non-Executive Director.

Tenure of an Independent Director

The Board is of the view that the length of service of Directors does not affect the Directors in excising their objective and independent judgement to discharge their duties and responsibilities. The Board in its Charter had provided that upon completion of nine (9) years, an Independent Director may continue to serve the Board as an Independent Director subject to the assessment of the Nominating Committee, justification by the Board of Directors and approval of the shareholders.

Shareholders' Approval for Retaining Independent Director exceeding 9 years service

The Board will justify and seek shareholders' approval to retain 2 of its Independent Directors who has served in that capacity for more than nine (9) years. The Board have assessed, reviewed and determined that the independence of YM Tengku Dato' Zainal Rashid, who has served on the Board for 17 years and Mr. Eddy Chieng, who has served on the Board for 15 years, remain objective and independent based on the following justifications:-

- they have fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia;
- they have ensured effective check and balance in the proceedings of the Board and the Board Committees;
- they have actively participated in the Board deliberations, provided objectivity in decision making and an independent voice to the Board and contributed in preventing Board domination by any single party;
- they have devoted sufficient time and attention to their responsibilities as an Independent Non-Executive Director of the Company; and
- they have exercised their due care in the interest of the Company and shareholders during their tenure as an Independent Non-Executive Director of the Company.

Separation of Positions of Chairman and Group Managing Director ("GMD")

The positions of Chairman and GMD are held by different individuals and the Chairman is an Independent Non-Executive Director of the Board and there is a clear division of responsibilities of these individuals to ensure a balance of authority and power. The Board is led by YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood, the Independent Non-Executive Chairman and Executive Management is led by the GMD, Dr. Chia Song Kun. Their roles and responsibilities were defined in the Board Charter.

Composition of the Board

As at the date of this statement, the Board consists of twelve members; comprising one Independent Non-Executive Chairman, one GMD, one Deputy Group Managing Director, six Executive Directors and three Independent Non-Executive Directors.

The Board will ensure that its size and composition is optimum and well balanced, which is consistent with the size of the Group and its operation. At least 1/3 of the Board, or two (2) members, whichever higher, shall consist of Independent Non-Executive Directors when the number of directors of the listed issuer is not 3 or a multiple of 3 then the number nearest to 1/3 is used. The Company's Articles of Association allows a minimum of 2 and maximum of 15 Directors.

A brief profile of each Director is presented on pages 10 to 14 of this Annual Report. The Directors have wide ranging experience and all have occupied or currently occupying senior positions both in the public and private sectors. The Board has appointed Mr. Eddy Chieng as the Senior Independent Non-Executive Director to whom concerns may be conveyed by shareholders and the public.

PRINCIPLE 4: FOSTER COMMITMENT

Time Commitment

Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and pencil the following year's Board meetings into their respective meeting schedules.

During the financial year ended 31 March 2017, the Board met on six (6) occasions and 16 circular resolutions were passed; where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions and the business plan and direction of the Group. Special Board meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board's expectations review or consideration.

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda. The agenda together with comprehensive management reports and proposal papers are furnished to the Directors at least 7 days before the Board meeting, or a shorter period where unavailable, prior to the meeting. The Board receives documents on matters requiring its consideration prior to and in advance of each meeting to enable them to obtain explanations, where necessary to allow them to effectively discharge their responsibilities. All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting.

Details of each existing Director's meeting attendances are as follows:

Name of Director	Designation	Attendance
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	Chairman/Independent Non-Executive Director	4/6
Dr. Chia Song Kun	Group Managing Director	6/6
Mr. Chia Song Kooi	Deputy Managing Director	5/6
Mr. Chia Seong Pow	Executive Director	6/6
Mr. Chia Seong Fatt	Executive Director	6/6
Mr. Chia Song Swa	Executive Director	6/6
Mr. Chia Mak Hooi	Executive Director	6/6
Mr. Cheah Juw Teck	Executive Director	6/6
Mr. Chieng Ing Huong, Eddy	Senior Independent Non-Executive Director	6/6
Mr. Tan Bun Poo, Robert	Independent Non-Executive Director	6/6
Prof. Datin Paduka Dr. Aini Binti Ideris	Independent Non-Executive Director	4/6
Mr. Chia Lik Khai *(Appointed on 21 November 2016)*	Executive Director	1/1

Directors shall devote sufficient time to carry out their responsibilities. This would be reflected by their attendance at the Board meetings and Board Committee meetings. Directors shall notify the Chairman before accepting any new directorships and the notification shall provide for an indication of time that will be spent on the new appointment.

All of the Board members serve as directors in no more than five boards of listed companies to ensure they devote sufficient time to carry out their responsibilities.

Continuing Education Programmes

Mr. Chia Lik Khai, the newly appointed Director has undergone the mandatory accreditation programme under the requirements of Bursa Malaysia.

The Board, through Nominating Committee, reviews the training needs of the Directors annually. Each Director is required to attend at least one training per year. Directors are encouraged to attend relevant training courses/seminars at periodic intervals to keep them abreast with developments pertaining to the oversight function of Directors as well as updates on technical matters, for example financial reporting standards, tax budgets, etc.

The Secretariat facilitates the coordination of the training programmes and Directors' attendance of external seminars and programmes, and compiles records of the training received by the Directors.

The Training Programmes, Seminar and Briefings attended by Directors during the financial year ended 31 March 2017 are as follows:-

Name	Seminar/Course	Organiser
Dr. Chia Song Kun	Sustainability Engagement Series for Directors/Chief Executive Officers	Bursa Malaysia Berhad
	Overview of the Companies Act 2016: Practical Insights & The Challenges	Tricor Knowledge House Sdn. Bhd.
Mr. Chia Seong Pow	6th Annual National Conference 2017 - Mitigation Risk in Procurement	MICG
	Leadership Program - Developing Organisational Talent	QL in-house training

Name	Seminar/Course	Organiser
Mr. Chia Seong Fatt	Sustainability Engagement Series for Directors/Chief Executive Officers	Bursa Malaysia Berhad
	Oils and Fats International Congress (OFIC) 2016 & International Society for Fat Research (ISF) 2016	Malaysian Oil Scientists' and Technologies' Association (MOSTA)
	Overview of the Companies Act 2016: Practical Insights & The Challenges	Tricor Knowledge House Sdn. Bhd.
	12th Indonesian Palm Oil Conference and 2017 Price Outlook - Palm Oil Development: Harmonizing Market, Society and the State	IPOC - Gabungan Pengusaha Kelapa Sawit Indonesia
	Leadership Program - Developing Organisational Talent	QL in-house training
Mr. Chia Song Kooi	The Aquaculture Roundtable Series 2016	Aqua Research Pte. Ltd.
	Leadership Program - Developing Organisational Talent	QL in-house training
Mr. Chia Song Swa	The Inside Story of the Annual Report: What Directors Must Know	Bursatra Sdn. Bhd.
	Leadership Program - Developing Organisational Talent	QL in-house training
Mr. Chia Mak Hooi	An Overview to the Amendments to the Main Market Listing Requirements of Bursa Malaysia Malaysia Securities Berhad	EITA in-house training
	First Slaughterhouse Division Conference	QL in-house training
	Leadership Program - Developing Organisational Talent	QL in-house training
Mr. Cheah Juw Teck	The inside story of the Annual Report: What Directors Must Know	Bursatra Sdn. Bhd.
	Leadership Program - Developing Organisational Talent	QL in-house training
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	6th Annual National Conference 2017 - Mitigation Risk in Procurement	MICG
Mr. Chieng Ing Huong, Eddy	Board Chairman Series Part 2: Leadership Excellence From The Chair	Bursa Malaysia Berhad
Mr. Tan Bun Poo, Robert	Sustainability Engagement Series for Directors/Chief Executive Officers	Bursa Malaysia Berhad
	MIA-MICG Roundtable Discussion on Proposed Draft of the Malaysian Code on Corporate Governance 2016	MIA-MICG
	Brief on Company's Act Bill 2015	Amcorp Properties Berhad
	FIDE Forum - Fin Tech: Business Opportunity or Disruptors?	FIDE
	Forum on Key Audit Matters in Audit Report	MIA/SC
	Khazanah Megatrends Forum	Khazanah
	UEM Group's The Exchange	UEM
	Highlights of the Companies Act 2016	UEM/SSM
Prof. Datin Paduka Dr. Aini Binti Ideris	Highlights of the Companies Act 2016 - Changes & Implications	Bursatra Sdn. Bhd.
Mr. Chia Lik Khai *(Appointed on 21 November 2016)*	Overview of the Companies Act 2016: Practical Insights & The Challenges	Tricor Knowledge House Sdn. Bhd.
	Leadership Program - Developing Organisational Talent	QL in-house training

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

The Board aims to present a balanced and understandable assessment of the Company's and the Group's position and prospects in the various financial reports to the shareholders, investors and regulatory authorities. The assessment is primarily provided in the annual report through the Chairman's and GMD's Statements, the audited financial statements and the quarterly results announcement.

The Audit Committee reviews the integrity and reliability of the quarterly financial statements and audited financial statements prior to recommending to the Board. The GMD, Finance Director, Head of Financial Reporting and Investor Relations, Risk Management Manager, external auditors and internal auditors are invited to participate in the Audit Committee Meeting periodically and as and when required.

The Audit Committee also meet with the external auditors without the presence of any Executive Directors and management once in the financial year 2017 to discuss any matters that the Audit Committee members and the external auditors may wish to discuss.

In presenting the annual financial statements and the quarterly announcements to shareholders, the Board has taken reasonable steps to ensure that the financial statements are true and fair reflection of the Group's position and prospects. This also applies to circulars to shareholders and other documents that are submitted to the authorities and regulators.

Directors' responsibility statement in respect of the preparation of the audited financial statements is set out on page 41 of this Annual Report.

Assessment of Suitability and Independence of External Auditors by the Audit Committee

The Company, through the Audit Committee, has an appropriate and transparent relationship with the external auditors. In the course of audit of the Group's operation, the external auditors have highlighted to the Audit Committee and the Board, matters that requires the Board's attention. The external auditors provide statutory audit function to the Group.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on pages 25 to 27 of this Annual Report. The Audit Committee has considered the independence of the external auditors and obtained declaration of independence from them during the Audit Committee meeting.

The Audit Committee discusses the nature and scope of audit and reporting obligations with the external auditors before commencement of audit engagement. It is also the practice of the Audit Committee to respond to auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.

The Audit Committee is empowered by the Board to review all issues in relation to appointment and re-appointment, resignation or dismissal of external auditors. The external auditors have confirmed, at an Audit Committee meeting that, they are, and have been, independent throughout the conduct of audit engagement in accordance with terms of relevant professional and regulatory requirements.

The Audit Committee has established and approved by the Board, a more formal procedures to assess the suitability and independence of the external auditors as well as policy governing the circumstance under which contracts for provision of non-audit services could be entered into by the external auditors.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

Sound Framework to Manage Risks

The Board of Directors acknowledges its responsibility for maintaining a sound system of internal control covering not only financial controls but also controls relating to operational, compliance and risk management to safeguard shareholders' investments and the Group's assets. There is an on-going review process by the Board to ensure the adequacy and integrity of the system and according with the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers (the "Internal Control Guidance"). However, the Board recognises that reviewing of the Group's system of internal controls is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing this objective, internal control can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is assisted by the Risk Management Committee in the oversight and its management of all identified risk. Risk Management Committee meets quarterly to ensure that the accountability for managing identified significant risks are addressed, managed and mitigated on an ongoing basis.

The Statement on Risk Management and Internal Control furnished on pages 42 to 44 of this Annual Report provides an overview of the state of internal controls within the Group.

Internal Audit Function

The Company has outsourced its internal audit function to an independent professional consulting firm and together with the Group designated Risk Management Manager, are tasked to provide assurance to the Audit Committee and the Board on the adequacy and effectiveness of the internal control systems and risk management processes in the Company and its subsidiary companies. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

A summary of the major areas of work performed by the Internal Audit during the year are set out in the Audit Committee Report on page 26 of this Annual Report.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

In line with increased investor awareness for greater accountability and transparency, the Board has formalised the Corporate Disclosure Policy and procedure which is in line with the requirements of Main Market Listing Requirements of Bursa Malaysia to enable comprehensive, timely and accurate disclosures on the Group to the regulators, shareholders and other stakeholders.

Leverage on Information Technology for Effective Dissemination of Information

The Company uses information technology in communicating with stakeholders, including a dedicated section for Investor Relations on the Company's website at http://www.ql.com.my. This site provides information such as, amongst others, the Company's performance, corporate strategy, Annual Report, various announcements and other matters affecting shareholders' interests.

PRINCIPLE 8: STRENGHTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Shareholders' Participation at General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue between the Company and its shareholders and investors. At the AGM, the Board briefs the shareholders on the status of the Group's businesses and operations. The shareholders are given the opportunity to raise questions on the Group's activities and prospects as well as to communicate their expectations and concerns to the Company. Extraordinary General Meeting is held as and when shareholders' approvals are required on specific matters.

The Company is adopting electronic voting to facilitate greater shareholders participation.

Poll Voting

In line with the MMLR, all resolutions set out in the notice of general meetings shall be voted by poll.

Effective Communication and Proactive Engagements with Shareholders

The Company recognises the importance of communicating with its shareholders and does this through the Annual Report, AGM and announcements via Bursa Malaysia. The Company has set up a website to enable an active dialogue with its investors and shareholders with the intention of giving investors and shareholders a clear and complete picture of the Company's performance and position as possible. Further, QL's investors relation activities serves as an important communication channel with the shareholders, investors and the investment community, both in Malaysia and internationally.

Additionally, a press conference is held immediately after the AGM where the Group Managing Director advises the press of the resolutions passed, and answers questions on the Group. The Chairman and the Executive Director are also present at the press conference to clarify and explain any issue.

OTHER INFORMATION

a) Recurrent Related Party Transactions (RRPT) of revenue nature

The shareholders of the Company approved the Proposed Renewal of and New Shareholders' Mandate for RRPT of revenue nature during its AGM held on 25 August 2016.

The Company is also seeking shareholders' approval to renew the Shareholders' Mandate for RRPT in the forthcoming AGM. The details of the RRPT entered into or to be entered by the Company or its subsidiaries with related parties are included in the Circular to Shareholders.

b) Share Buy Back

The shareholders of the Company approved the Proposed Renewal of Share Buy Back Authority during its AGM held on 25 August 2016.

The Company is also seeking shareholder approval to renew the Share Buy Back Authority in the forthcoming AGM. The details of the Share Buy Back are included in the Circular to Shareholders.

c) Audit fees and Non-audit fees

The amount of audit fees and non-audit fees of the external auditors, for the financial year ended 31 March 2017 were as follows:-

	Audit fees		Non-audit fees	
	Group	Company	Group	Company
KPMG Malaysia	RM1,124,000	RM189,000	RM327,000	RM327,000
Overseas affiliates of KPMG Malaysia	RM72,000	–	RM232,000	–
Other auditors	RM253,000	–	–	–

The Board has deliberated, reviewed and approved the Corporate Governance Statement on 7 July 2017.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with Bursa Malaysia Listing Requirements, the following additional information is provided:-

During the financial year under review, there were no:

i) material contracts between the Company and its subsidiaries that involve directors' or major shareholders' interests, except as those disclose on RRPT transactions; and
ii) contract of loans between the Company and its subsidiaries that involve directors' or major shareholders' interests.

Statement of Directors' Responsibility

Directors are required by Company Act 2016 to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance of the Group and of the Company for the financial year then ended.

In preparing those financial statements, the Directors have:

- adopted and consistently applied suitable accounting policies;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared it on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible in ensuring proper accounting records are kept, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors are also responsible to take such steps to safeguard the assets of the Group and of the Company and hence, the prevention and detection of fraud and other irregularities.

Statement on Risk Management and Internal Control

BOARD'S RESPONSIBILITIES

The Board of Directors ("The Board") acknowledges their responsibility for maintaining a sound system of internal control covering financial and operational controls, compliance and risk management to safeguard shareholders' investments and the Group's assets.

There is an on-going review process by the Board to ensure the adequacy and integrity of the risk management and internal control system in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. However, the Board recognises the review of the Group's system of risk management and internal controls is a concerted and continuous process, designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has received assurance from the Executive Committee that the Group's risk management and internal control system is adequate and operates effectively, in all material aspects. The Executive Committee consists of the Group Managing Director, Deputy Managing Director and the head of business units.

MANAGEMENT'S RESPONSIBILITES

Management is accountable to the Board for risk management and internal control and has implemented processes to identify, evaluate, monitor and report risks and to design and implement relevant controls in response to the risks. In this regard, Risk Management Committees ("RMC") has been established at the Group. The terms of reference of the RMC, among others, are:-

- Create a high-level risk strategy policy aligned with the Group's strategic business objectives;
- Identify and communicate to the Board, the critical risks, whether present or potential, the Group faces, their changes and the Management action plans to manage the risks;
- Perform risk oversight and review risk profiles of the Group and monitor organisational performance; and
- Provide guidance to the business units on the Group's and business unit's risk appetite and capacity.

The RMC of QL Resources Berhad comprises Executive Committee, Head of Financial Reporting and Investor Relations and Group Risk Management Manager and is chaired by the Group Managing Director.

RISK MANAGEMENT

The Board has put in place on an Enterprise Risk Management ("ERM") framework, in accordance with the Malaysian Code on Corporate Governance 2012, to ensure that there is an on-going process of identifying, evaluating, and managing significant business risk exposure. The Group's ERM framework aims to facilitate the execution of strategic business action to achieve the Group's vision of being preferred global agro based enterprise, by implementing relevant controls or translating the principal risks of the business into upside opportunities.

The Group has a Risk Management Department ("RM"), led by the Group Risk Management Manager. The RM facilitates and supervises the implementation of the ERM framework and processes by the respective business units. The RM reports functionally to the RMC and Audit Committee.

During the financial year under review, the Group's activities expose it to the following principal risks:

- Operational Risk

  The Group's policy is to assume operational risks that are manageable within its core business competencies. The operational risk management ranges from disease outbreak and farm or plant management. The management of the Group's day-to-day operational risks are mainly decentralised at the respective business unit level and guided by Standard Operating Procedures.

- Financial Risk

  The Group is exposed to various financial risks relating to foreign currency rates, credit risks, interest rate risks and commodity price fluctuations. These financial risks are mitigated through internal control processes and constant monitoring.

- Information Technology Risk

  The Group is exposed to various information technology risks. This includes potential risks such as network security risk, data protection risk and cybersecurity risk. These risks are mitigated through regular information technology risk assessment and relevant action plans. The Management is wary of the cybersecurity risk and is in the process of preparing Cybersecurity risk framework to be implemented for the Group.

The key aspects of the risk management process are as follows:

- Emerging and existing risks are identified by respective business unit and are classified based on probability of occurrence and impact magnitude.

- Head of business units undertake to update their risk profiles' worksheet on a quarterly basis.

- The risk profiles' worksheet, control procedures and status of action plans are reviewed for efficacy on a periodic basis by the Group Risk Management Manager together with the Head of business units.

- On a quarterly basis, the RMC meet to review the risk profiles' worksheet and the progress of the action plans implemented. A risk management report summarising the high and significant risks and status of action plans are presented to the Audit Committee for review, deliberation and recommendation for endorsement by the Board of Directors.

Enterprise Risk Management refresher trainings were conducted separately by third party facilitator and Group Risk Management Manager during the financial year as part of the ERM awareness enhancement activity. Going forward, the RMC will continuously deliberating the following to further strengthen the existing risk management controls within the Group:

- Refinement of the Delegation and Limits of Authority Matrix to further facilitate operational efficiency and accountability within the Group.

- Alignment of the Group's Risk Appetite Policy with strategic business directions.

- Utilising technology tools for more effective and objective assessment and management of risks.

INTERNAL CONTROL PROCESS

The key elements of the Group's internal control processes are summarised as follows:

- The Board, RMC and Audit Committee meet on a quarterly basis to discuss strategic, operational, risk and control matters raised by the Management.

- The Board has delegated its responsibility to several committees and to the Management of the Company to implement and monitor designated tasks.

- The authority limits delineate authorisation limits for various level of management and matters reserves for collective decision by the Board to ensure proper identification of accountabilities and segregation of duties.

- Standard Operating Procedures are revised to meet the operational requirement, the business and statutory reporting needs when necessary.

- Performance reports are provided to the Executive Committee and the Board for review and deliberation.

- Head of business units present their strategies, annual budgets and capital expenditure proposals to the Executive Committee and the Board for deliberation and approval.

- The review of strategy and annual budget is undertaken by Management on half yearly basis.

INTERNAL AUDIT

Internal audit function was carried out by an independent professional services firm. Scheduled internal audits are carried out based on audit plan approved by the Audit Committee. The internal audit reports, summarising the observations of control weaknesses, recommendations for improvement and Management responses were presented to the Audit Committee on quarterly basis. These findings were deliberated together with Management at the Audit Committee Meetings. The Audit Committee assessed the overall adequacy and effectiveness of the system of internal controls of the Group and reports to the Board of Directors, in particular, the matters relating to significant risks and the necessary recommendations for changes.

For the financial year under review, the internal audit's scope covered the following based on the approved audit plan:

- Revenue control management, involving credit and cash sales, and inventory;
- Cost control management, involving procurement, asset and human resource management, general IT controls, cash and cash at banks; and
- Operational and compliance control management involving production and industrial compliance, and recurrent related party transaction.

CONCLUSION

The Board is of the view that the risk management and internal control systems that are in place for the year under review and up to the date of approval of this statement, is adequate and effective to safeguard the shareholders' investment and the Group's assets.

There have been no significant breakdowns or weaknesses in the system of internal control of the Group for the financial year under review. The Group continues to take the necessary measures to ensure that the system of internal control is in place and functioning effectively.

The Group's system of internal control applies to QL Resources Berhad and its subsidiaries. Associated companies have been excluded because the Group does not have full management and control over them. However, the Group's interest is served through representations on the boards of the respective Associated companies.

This Statement on Risk Management and Internal Control was approved by the Board on 7 July 2017.

Sustainability Statement

I. ABOUT THIS STATEMENT

This Sustainability Statement is QL Resources Berhad's ("QL" or "the Group") inaugural Sustainability Statement that covers sustainability performance, initiatives, and achievements for the financial year from 1 April 2016 to 31 March 2017. Through stakeholder engagements, the Group identified three key tenets of sustainability practices in which the Group is positioned to add value i.e. sustainable business growth, environmental responsibility, and workplace management.

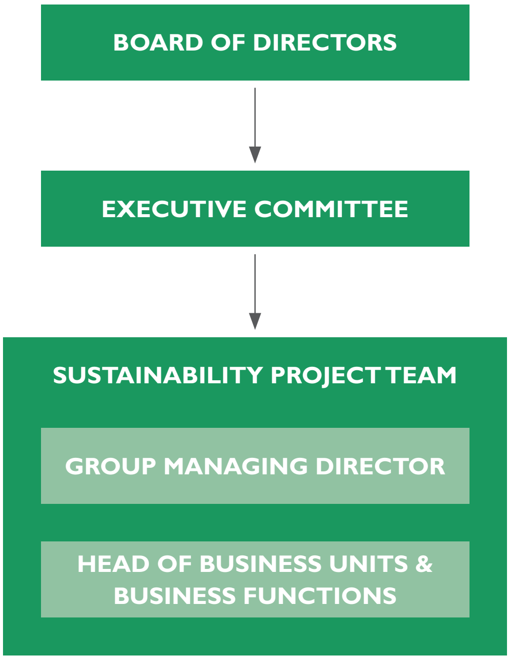
This Statement is structured into four sections:

- The first section gives an overview of and highlights the scope of the Statement;
- The second section sets out the governance structure to manage the material Economic, Environmental, and Social risks and opportunities;
- Third section records the processes that were undertaken to identify and prioritise the material matters; and
- The final section reports on the practices and performance related to management of material sustainability matters.

Scope

The scope disclosed in this Sustainability Statement covers four key companies within the Group's three main business pillars, namely QL Poultry Farm Sdn Bhd ("QL Poultry"), QL Foods Sdn Bhd, QL Endau Marine Products Sdn Bhd ("QL Marine"), and QL Plantation Sdn Bhd ("QL Plantation"). These subsidiaries contribute a significant part of the Group's environmental and societal impact. As this disclosure is the Group's inaugural Sustainability Statement, performance data collected will be monitored and compared in the forth-coming years.

II. SUSTAINABILITY GOVERNANCE



QL Resources Berhad's Board of Directors led the initiative of embedding sustainability consideration into the Group's business strategy in line with Recommendation 1.4 of the Malaysian Code on Corporate Governance 2012. A Sustainability Project Team ("SPT") was set up by the Group in 2016, tasked with overseeing the incorporation of sustainability into the Group's business, and to prepare the Group for sustainability reporting.

At present, the SPT facilitates the development of the Sustainability Statement for inclusion in the Annual Report, in accordance with the Main Market Bursa Malaysia Listing Requirements on sustainability reporting. The SPT is chaired by the Group Managing Director and comprises heads of business functions.

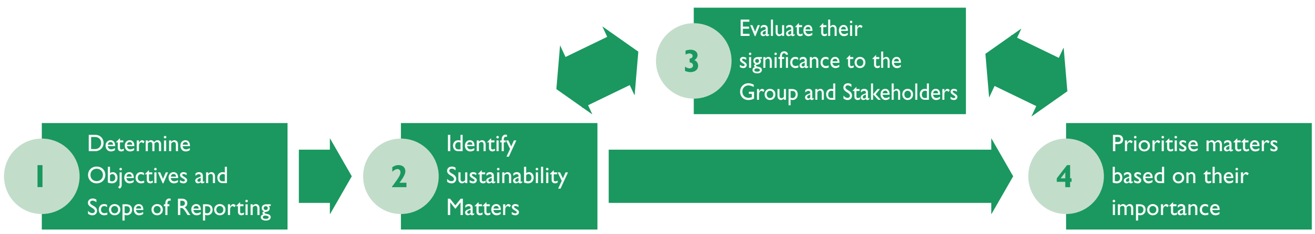
The following entails the core responsibilities of the SPT:

- Incorporate Sustainability into Group's Risk Management and Corporate Strategies;
- Conduct stakeholder engagement processes (i.e. identification of key stakeholders and engagement with stakeholders);
- Perform materiality assessments (i.e. identification and assessment of sustainability risks and opportunities relevant to the Group's business);
- Oversee the management of material sustainability matters as identified;
- Monitor Group's sustainability performance for reporting; and
- Develop sustainability disclosure for reporting.

QL will formally establish a governance structure which enables the articulation of responsibilities in the day-to-day undertaking of the Group in the future. Current governance processes will be evaluated in order to determine the best manner to incorporate sustainability related responsibilities so as to allow for efficiency and synergy.

III. MATERIALITY PROCESS

In identifying what is material to the respective business segments, the Group adopted a materiality assessment process, which is guided by Bursa Malaysia's Sustainability Reporting Guide and Toolkits. The materiality assessment process is as follows:



The process was initiated with the development of a list of sustainability matters relevant to the Group and its stakeholders. In developing the list, the Group assessed the economic, environmental, and social conditions and trends affecting the agro-food and plantation sector, and performed studies across a wide range of references to establish relevant sustainability matters. These references include Bursa Malaysia's Sustainability Reporting Guide and Toolkits, international standards such as the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"), and standards published by the Sustainability Accounting Standards Board ("SASB").

A prioritisation approach was employed, considering what the Group assesses as important sustainability matters, and what stakeholders perceive as important to themselves. As detailed below, the Group engaged with stakeholders to understand their expectations regarding the Group's management of sustainability issues. At the same time, Group's management conducted an assessment on the importance of sustainability matters to the Group. This process is aimed at identifying material sustainability matters which are defined in Bursa Malaysia's Listing Requirements as those which:

- Reflect the business' significant economic, environmental and social impacts; and/or
- Substantively influence the assessments and decisions of stakeholders.

Relevant Sustainability Matters

Prior to engaging stakeholders or conducting an assessment, the Group identified a list of sustainability matters which are relevant to the Group's business. In identifying the sustainability matters, key considerations, among others, were the following:

- The diversity of QL's businesses;
- International and local laws and regulations;
- QL's understanding of its stakeholders' needs;
- Global and industrial trends; and
- International sustainability reporting standards, e.g. GRI Standards.

Stakeholder Engagement

QL regularly engages with a wide range of stakeholders to attain their feedback as well as gauge and address their expectations. The following table summarises some of the Group's stakeholders and how they were engaged throughout the year:

Stakeholder Groups	Engagement Channels
Employees	• Workshop discussions • Induction training • Learning and development programmes • Corporate volunteering programmes • Employee performance appraisal
Customers	• Feedback survey • Face-to-face interaction
Vendors, suppliers, fisheries, and smallholders	• Interviews • Face-to-face interaction
Investors and shareholders	• Annual General Meeting • Analyst briefings • Investor presentations and meetings • Financial statements • Press releases
Regulators	• Ongoing meetings and interactions
Community	• Online platforms (e.g. social media & smartphone applications) • Corporate volunteering programmes (e.g. community events, knowledge-sharing initiatives & partnerships with non-governmental organisations)
Media	• Press conferences and events • Media releases • Media interviews

QL undertook to engage with some of its key stakeholders specifically to consolidate their views on sustainability. QL assessed its stakeholders in order to understand the dynamics between the Group and its stakeholders and identify stakeholders that are key to the Group.

An exercise to identify and prioritise a wide range of stakeholder groups was conducted. The SPT mapped QL Poultry, QL Marine, and QL Plantation's stakeholders by identifying stakeholders with the greatest levels of influence and dependence on the respective business units.

Employees, customers, and vendors were identified as key stakeholders for QL Poultry. QL Marine identified employees, fisheries, and suppliers as key while QL Plantation had employees, smallholders, and suppliers deemed as key stakeholders.

Key stakeholders for each business segment were engaged at various locations within Malaysia to ascertain their viewpoints on sustainability. QL Poultry key stakeholders were engaged at Pajam, Negeri Sembilan where a number of employees representing middle and lower management along with farm workers were engaged through workshop discussions. Customers and vendors were also engaged, through interviews.

QL Marine stakeholders were engaged at Hutan Melintang with employees representing middle and lower management along with production workers were engaged through focus group discussions. Fisheries and suppliers on the other hand, were engaged through interviews.

QL Plantation is located in Tawau, Sabah and employees representing middle and lower management together with palm oil mill production workers were engaged through workshop discussions while interactions with smallholders and suppliers were undertaken through face-to-face interviews.

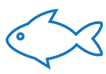
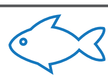
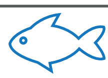
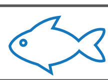
Materiality assessment

Materiality assessments are a vital strategic business tool which aids in identifying, refining, and prioritising potential Economic, Environmental, and Social risks and opportunities as well as possible emerging risks that may affect the Group's business and stakeholders.

For Financial Year 2017 ("FY"), the Group adopted a structured materiality assessment approach guided by the Sustainability Reporting Guide and Toolkits, issued by Bursa Malaysia. In identifying relevant sustainability matters, consideration was given to the operating environment and emerging risks associated with the agro-food and plantation sector.

To complement engagements with stakeholders, discussions with key internal stakeholders were conducted to evaluate the materiality levels they would place on identified sustainability matters. Engagement was conducted with selected SPT members, selected members of Senior Management and selected Heads of Subsidiaries to conduct sustainability assessment exercises. These determined the level of impact of each of the material sustainability matters to the Group.

Material sustainability matters identified for each business segment was further classified into three categories which are presented in the table below:

Our Material Matters across three Themes		Poultry	Marine	Plantation
Sustainable Business growth	Upholding Business Integrity			
Environmental Responsibility	Biosecurity			
	Emission & Discharge			
Workplace Management	Food Quality & Health			
	Labour Practices			
	Occupational Safety & Health			

IV. MANAGING SUSTAINABILITY

Sustainability is integral to the way QL conducts its business activities. The aspiration is to drive long-term corporate growth and profitability by mandating the inclusion of economic, environmental and social concerns within the operating model. As one of Asia's largest agro-food producers, QL has contributed towards consolidating Malaysia's position as Asia's leading agro-food producer.

Upholding Business Integrity

QL Poultry, QL Marine, and QL Plantation believe that upholding business integrity is essential to the sustainability of the business as it helps to create market confidence. We promote fairness and accountability by setting out clear responsibilities for our Board and the management through the Board Charter. In line with best practices to enhance transparency, accountability, and timely disclosure of material information, QL has in place and approved a Board Charter, a Non-Audit Policy, a Board Diversity Policy, a Code of Conduct and Whistleblower Policy, and a Corporate Disclosure Policy in adherence to the rules and regulations of Bursa Malaysia.

We regulate the way we do business using our Directors' Code of Conduct (part of the Board Charter) and recently established Employees' Code of Conduct. The Directors' Code of Conduct focuses on Board's standard of conduct and basic principles which guide the Board in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. Employees' Code of Conduct on the other hand, encompasses all aspects of its day-to-day business operations. The Codes are applied to all subsidiaries within the Group.

To ensure widespread transparency, the above-mentioned policies and procedures are made available on the Group's website (www.ql.com.my). Guidance is provided to existing employees and induction training given to new recruits help our people understand their responsibilities and how to act in full accordance with the policies and procedures.

To illustrate our commitment to Corporate Governance Best Practices and transparency, QL Poultry, QL Marine, and QL Plantation commit to having any deviation from these policies and procedures be directly reported to the Group Risk Head and the Senior Management to investigate and take appropriate measures, effective in the upcoming financial year.

In a world increasingly concerned about environmental preservation, QL has committed to environmental stewardship with great strides being made due to the Group's fundamental strategy towards environmental sustainability.

Biosecurity

At QL Poultry, we pride ourselves in how we care for our livestock in order to provide farm-to-table goodness. Various efforts are undertaken to maintain our livestock at the best of health. Besides ensuring livestock receive the nutrients they require, protecting the population from harmful biological agents or biochemical substance is as, if not more important.

Standard Operating Procedures (SOPs) are developed centrally to encompass biosecurity best practices and tailored to specific farm requirements and disseminated to individual farms to ensure that measures are undertaken in the prescribed manner. The main content of said SOPs are:

- Recording of poultry mortality;
- Recording of nutrition and vaccination provided to poultry;
- Sanitation of farm workers and poultry coops; and
- Disposal of carcasses.

Biosecurity measures implemented at QL Poultry include vaccinations, isolating poultry coops with access only granted to authorised individuals who have been properly disinfected, and disinfecting vehicles that enter premises to name a few. A fair indicator of biosecurity measures' effectiveness would be livestock's mortality rate, as effective biosecurity measures should reduce or even eliminate livestock mortality due to ailment or infection. For the financial year ended March 2017, QL Poultry recorded an average monthly mortality rate of less than 1%. Livestock mortality rate is closely monitored by business units and any unusual circumstances would be immediately attended to.

In addition to tracking poultry mortality rate, QL Poultry tracks the amount invested in biosecurity measures in order to understand if efforts are sufficient. Biosecurity investment consists of specific expenditures such as construction of vehicle dips, erection of fences, and installation of orchid netting. There are also recurrent investments such as purchase of vaccines, disinfectants, personal protective equipment, and so on. QL Poultry's commitment to providing the best biosecurity measures saw us investing slightly over RM1.5 million for the year on biosecurity measures.

Furthermore, QL Poultry's farms have at least one full-time veterinary doctor on site whose responsibility entails performing health screenings, diagnosing, determining supplement dosage, among other tasks. The presence of a qualified animal health expert ensures that our livestock's health is well taken care of.

Emission & Discharge

One of the most visible discharges of livestock farming is chicken manure. This waste stream produced by the birds may cause an odour nuisance which could raise concerns, especially among surrounding communities. QL Poultry's site produces an average of 100 tonnes of chicken manure per day. With chicken manure being potentially converted into organic fertiliser, QL Poultry had in late 2016 invested in manure fermentation technology that converts chicken manure into organic fertiliser, which is then sold to nearby businesses in the plantation industry.

During the fermentation process, odours arising from chicken manure are attenuated through an odour filtration system containing microbes. The fermentation process will turn odorous gas odourless. QL Poultry currently employs one fermentation system which has a capacity of converting 40 tonnes of manure into dry organic fertiliser daily, one traditional system which converts manure into semi dry fertiliser with a conversion capacity of 50 tonnes daily, and remaining manure would be sold on a daily basis to nearby plantation businesses with a need for fresh manure.

The percentage of chicken manure that was converted to organic fertiliser from the period April 2016 to March 2017 was between 72% and 87%. The aspiration is to achieve 100% conversion to dry organic fertiliser by investing in additional fermentation systems.

A large percentage of manure produced is converted into organic fertiliser to prevent bad odour and provide a source of revenue. QL Poultry also actively engages Air Quality and Odour Management Consultants to perform frequent tests on air quality surrounding poultry sites. If any concern is highlighted by the consultants, we immediately act upon the matter to mitigate the issue.

Palm oil businesses may very well be the most scrutinised business in the plantation industry due to the perception of its impact on the environment. With this very fact in mind, QL Plantation practises caution in business undertakings by managing the impacts of our activities to the environment. Palm oil mill effluent (POME) is the waste water discharged after the sterilisation process, crude oil clarification process and cracked mixture separation process. As part of managing our impact on the environment, we are required to periodically report on the quality of our effluent discharges to the Department of Environment (DOE) in order to provide transparency that the effluent does not exceed set regulatory limits.

The main effluent discharge parameters required to be reported to DOE are Biochemical Oxygen Demand (BOD), suspended solids, oil and grease, and ammoniacal nitrogen. The table below depicts the annual average readings of discharge parameters reported:

Parameter	Limit (mg/L)	Average (mg/L)
Biochemical oxygen demand (BOD)	20	18
Suspended solids	200	63
Oil & grease	20	7.3
Ammoniacal nitrogen	150	4

For the period April 2016 to March 2017, QL Plantation experienced only two instances of BOD levels exceeding the limit and this was immediately addressed with BOD levels reined in to accepted limits within a month.

Furthermore, QL Plantation submits real-time effluent discharge readings and records of scheduled waste disposed through an online DOE platform for continuous monitoring by DOE. We employ prudent maintenance of emission control equipment besides ensuring optimal operation of mill facilities in the interest of compliance to emission limits.

QL believes that the way to build a distinguished and enduring company is to strike a balance between profitability and fulfilling its social responsibilities. In today's interconnected environment, no business can isolate itself from the world. Companies are measured in terms of their standing in the eyes of the community. Throughout FY17, the Group continued to make strides forward to operate with responsibility and care to meet the changing expectations of society.

Food Quality & Safety

As a food producer, quality and safety of production is imperative. QL Poultry ensures that the highest standards of production processes are implemented. The establishment of QL Poultry Centre of Excellence (QLPCE) is a testament to our commitment in providing the best quality poultry and eggs to the market. QLPCE's mandate to establish poultry farm best practices and educate farm employees on said practices. This helps ensure the highest productivity and efficiency is achieved at our poultry farms.

Other efforts include implementing a closed house system with temperature regulation. This keeps temperature at an optimum, which improves productivity. Besides that, eggs produced go through a crack detector which can identify hairline fractures on the surface of egg shells as cracks could lead to deterioration of egg quality.

Training is an important aspect of maintaining high food and quality standards. We organise food handler trainings for employees involved in the handling of food in order to maintain the highest level of quality and safety. Two refresher courses are also organised every year on Good Manufacturing Practice (GMP) to ensure that food produced is safe for consumption and guarantee continuous compliance to local food production regulations.

Certifications are important to QL Poultry's business as it provides assurances of our processes and quality of output. One of the most important certification we possess is the Halal Certificate of Authentication for our liquid egg white, liquid egg yolk, and liquid whole egg. This certifies that we adhere to strict guidelines on producing foods which are safe for consumption in accordance with Islamic Law and Malaysian Halal Standard, approved by Halal Certification Panel of the State Religious Department. Besides that, Makanan Selamat Tanggungjawab Industri/ Food Safety is the Responsibility of the Industry (MeSTI) is another key certification. This certification is awarded by the Ministry of Health Malaysia to certify that QL Poultry has met all conditions under the Food Hygiene Regulations 2009.

QL Poultry also has a systematic preventive approach in place i.e. Hazard Analysis and Critical Control Points (HACCP) for the production of washed and chilled shell eggs. This is an approach to food safety from biological, chemical, and physical hazards perspectives in production processes that may cause the finished product to be unsafe, and design measurements to reduce these risks to a safe level. The same activity is ISO 22000:2005 certified which specifies requirements for a food safety management system where an organisation in the food chain needs to demonstrate its ability to control food safety hazards in order to ensure that food is safe at the time of human consumption. Furthermore, QL Poultry's layer chicken farm has fulfilled Department of Veterinary Services and Malaysian Good Agricultural Practices (MyGAP) requirements for livestock.

We actively seek feedback from our customers on the quality of our eggs and encourage them to communicate any grievance they may have. Based on established customer grievance channels, QL Poultry received less than four complaints on a monthly average for the FY17 period. Complaints received were addressed and resolved amicably with our customer such as replacement or refund. Each complaint is investigated by QL Poultry staff and corrective actions are implemented where necessary.

Food quality and safety is highly regulated by a number of laws within Malaysia. Authorities can potentially issue penalties or stop work orders in the event of any non-compliance. Due to our daily commitment to high quality food standards, QL Poultry received no penalties in regards to the quality of eggs produced for the year.

At QL Marine, training is seen as one of the most critical aspects of making certain the highest level of food quality and safety is observed. Employees attend both in-house and externally organised trainings to keep up with best practices in this domain. In this respect, external courses are organised by authoritative bodies such as the Ministry of Health. Internal trainings such as Good Manufacturing Practice (GMP), self-conducted in manufacturing facilities, and refresher courses on Halal marine food production are conducted for employees.

Certifications are taken seriously at QL Marine as the food production relates to the safety for human consumption. We are Food Safety System Certification 22000 (FSSC 22000) certified. This certification provides a framework for effectively managing our food safety responsibilities and it is based on existing standards of International Organisation for Standardisation. Besides that, QL Marine production sites are MeSTI and HACCP certified.

Deviations from our standards which may possibly occur include misprinting of information on packaging, absence of the Halal logo, or contamination in the food production process. In the event any of such issues would happen, we would initiate an immediate product recall. QL Marine is proud that for the period from April 2016 to March 2017, there were no product recalls, being a testament to our commitment to producing the best marine-based food products.

Authorities that regulate marine-based food products are the Fishery Department, Ministry of Health, and the Department of Islamic Development Malaysia (Halal certification), to name a few. Any form of non-compliance to strict regulations may result in penalties or even disruption to production. Due to sheer efforts in complying with regulations set by relevant authorities, we received no notice or penalty from authorities for the year.

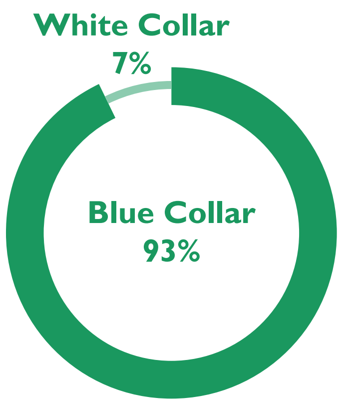
Labour Practices

We believe that employees are key components to the success of any business. QL Marine strives to employ the most capable people for the job. Employment would be purely merit based and discrimination in any way is not practiced.

The workforce at QL Marine is fairly evenly distributed between genders as shown in the diagram below:

Marine Division Gender Profile
*As at 31 March 2017

Employees are categorised as blue collar and white collar. Blue collar employees are those directly involved in the production process; white collar employees are involved in all support processes, such as Human Resources, Finance, Information Technology, and Sales and Marketing. The distribution of our workforce demographic is represented in the following figure:



Workforce Profiles for Marine Division
*As at 31 March 2017

A significant percentage of our blue collar workforce consists of migrant workers and we do our best to make them feel part of the family. We offer migrant workers annual pay bonuses based on performance. Furthermore, QL Marine has already begun absorbing migrant workers' levy payment in spite of the Government's decision to postpone the implementation of levy payment on migrant workers by employers.

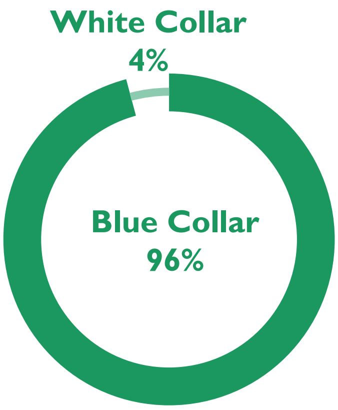
QL Marine has zero tolerance for child labour. Accordingly, offers of employment are conditional upon successful completion of compulsory background checks. All candidates are required to provide government-issued photo identification and candidates under the age of 18 are ineligible for regular hire under any circumstances.

As the plantation segment is highly labour intensive, a majority of QL Plantation's workforce consists of males as illustrated below:

Plantations Division Gender Profile

*As at 31 March 2017

The distribution of QL Plantation's workforce demographic can be found in the following diagram:



Workforce Profiles for Plantations Division

*As at 31 March 2017

QL Plantation strives to ensure that employees have minimal to no grievances. Team leaders and management teams are encouraged to listen to employees and highlight any relevant matters to upper management. QL Plantation is ethnically diverse as there are individuals from Peninsular Malaysia, East Malaysia, and migrant workers. Efforts such as team gatherings and functions are organised to encourage harmony amongst the workforce.

QL Plantation's stand on child labour is similar to other subsidiaries: zero tolerance policy. No minor would be employed by any of our operations.

Occupational Health & Safety

Across the Group's workforce, the prevention of occupational illness and injury is a top priority. QL's leadership is committed to promoting and maintaining a safe and healthy workplace for our employees.

Employees of QL work in environments which may subject them to a variety of occupational hazards and risks. While accounting for individual site differences, QL has developed minimum safety requirements and aligned them to the Department of Occupational Safety and Health's (DOSH) standards.

We track all incidents that occur in our facilities and report to the Department of Occupational Safety and Health (DOSH) if injury severity warrants more than a three-day absence from work. QL sites engage in emergency response drills and training – at times attended by local authorities.

QL Marine saw a total of eighteen workplace accidents that occurred and were reported to the Department of Occupational Safety and Health (DOSH) for the corresponding year. Six of those accidents were categorised as major whereas 12 were minor accidents. Major accidents were generally due to mishandling of machineries. This warranted the need to closely monitor machinery usage and ensure operators were sufficiently trained before operating such machineries.

The Department of Occupational Safety and Health (DOSH) performs periodical site visits in order to identify any occupational safety risks. In the event a violation is identified, a penalty would ensue and continued non-compliance may lead to legal ramifications. Due to continued commitment to workplace safety, we did not receive any penalties for the year.

QL Plantation saw a total of eight workplace accidents that occurred and were reported to the Department of Occupational Safety and Health (DOSH) for the corresponding year. All accidents were investigated to determine the cause. This was followed by the reinforcement and continued efforts in the training and retraining on using protective equipment use in order to minimise risks. There were no penalties received from the Department of Occupational Safety and Health (DOSH) for the corresponding period.

As a Group, we are determined to continuously improve our approach, practice and operation procedures. Our aspiration is sustain and grow QL in the business of producing nourishing products for the benefit of all and that benefits all.

Financial Statements

Directors' Report

For the year ended 31 March 2017

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

Principal activities

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 33 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 33 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	195,921	91,637
Non-controlling interests	10,899	–
	206,820	91,637

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in these financial statements.

Dividends

Since the end of the previous financial year, the amount of dividends declared and paid by the Company were as follows:

i) In respect of the financial year ended 31 March 2016 as reported in the Directors' Report of that year, a final dividend of 4.25 sen per ordinary share totalling approximately RM53,041,000 declared on 25 August 2016 and paid on 15 September 2016; and

ii) In respect of the financial year ended 31 March 2017, a special dividend of 3.00 sen per ordinary share totalling approximately RM37,441,000 declared on 28 February 2017 and paid on 14 April 2017.

The Directors recommend a final single tier dividend of 4.25 sen per ordinary share in respect of the financial year ended 31 March 2017 subject to the approval of the shareholders at the forthcoming general meeting. Based on the issued and paid-up capital of the Company at the end of the reporting period, the final dividend would amount to approximately RM53,041,000.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Tengku Dato' Zainal Rashid Bin Tengku Mahmood
Professor Datin Paduka Dr. Aini Binti Ideris
Dr. Chia Song Kun
Mr. Chia Seong Pow
Mr. Chia Seong Fatt
Mr. Chia Song Kooi
Mr. Chia Song Swa
Mr. Chia Mak Hooi
Mr. Cheah Juw Teck
Mr. Chieng Ing Huong
Mr. Tan Bun Poo
Mr. Chia Lik Khai (appointed on 21 November 2016)

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related companies (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouse and children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.4.2016 / date of appointment	**Bought**	**Sold**	**At 31.3.2017**
Shareholdings in the Company which Directors have direct interests:				
Tengku Dato' Zainal Rashid Bin Tengku Mahmood	3,870,000	–	–	3,870,000
Chia Song Kun	675,000	–	–	675,000
Chia Seong Pow	2,200,000	–	–	2,200,000
Chia Seong Fatt	486,000	–	–	486,000
Chia Song Kooi	870,000	–	–	870,000
Chia Song Swa	567,000	–	–	567,000
Chia Mak Hooi	1,176,900	1,109,000	–	2,285,900
Cheah Juw Teck	2,195,950	142,960	–	2,338,910
Chia Lik Khai	892,100	135,900	–	1,028,000
Shareholdings in the Company which Directors have indirect interests:				
Chia Song Kun	536,406,166	514,100	(627,800)	536,292,466
Chia Seong Pow	154,533,770	416,900	(627,800)	154,322,870
Chia Seong Fatt	152,879,610	400,000	(627,800)	152,651,810
Chia Song Kooi	528,871,722	400,000	(627,800)	528,643,922
Chia Song Swa	527,530,922	400,000	(627,800)	527,303,122
Chia Mak Hooi	532,637,972	400,000	(3,719,800)	529,318,172
Cheah Juw Teck	7,319,700	–	–	7,319,700
Chia Lik Khai	146,400	–	–	146,400

Directors' interests in shares (Cont'd)

By virtue of their interest in the shares of the Company, Chia Song Kun, Chia Seong Pow, Chia Seong Fatt, Chia Song Kooi, Chia Song Swa and Chia Mak Hooi are also deemed interested in the shares of all subsidiaries disclosed in Note 33 to these financial statements to the extent that the Company has an interest. Details of their deemed shareholdings in non-wholly-owned subsidiaries are shown in Note 33.1 to these financial statements.

The other Directors, Chieng Ing Huong, Tan Bun Poo and Professor Datin Paduka Dr. Aini Binti Ideris holding office at 31 March 2017 did not have any interest in the ordinary shares of the Company and of its related companies during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 32 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Share buy-back

The shareholders of the Company, by an ordinary resolution passed in annual general meeting held on 25 August 2016, renewed the Company's plan to buy-back its own shares.

There was no share buy-back during the financial year.

Indemnity and insurance costs

The following disclosure on particulars of indemnity given to, or insurance effected for, any Director or officer of the Company is made pursuant to Section 289(7) of the Companies Act 2016:

	Amount paid RM	Sum insured RM
Directors and Officers Liability Insurance	30,538	20,000,000

There were no indemnity given to, or insurance effected for auditors of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report
For the year ended 31 March 2017 (Cont'd)

Significant events

The significant events during the financial year are disclosed in Note 34 to the financial statements.

Subsequent events

The event subsequent to the end of the reporting period is disclosed in Note 36 of the financial statements.

Auditors

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 21 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Chia Song Kun
Director

Chia Mak Hooi
Director

Shah Alam

7 July 2017

Statements of Financial Position

As at 31 March 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Assets					
Property, plant and equipment	3	1,559,805	1,372,661	212	265
Investment properties	4	23,671	31,033	–	–
Prepaid lease payments	5	57,778	58,342	–	–
Intangible assets	6	11,068	7,146	–	–
Biological assets	7	151,989	129,106	–	–
Investment in subsidiaries	8	–	–	682,256	667,256
Investment in associates	9	116,156	109,079	–	–
Deferred tax assets	10	799	2,980	–	–
Other receivables	11	8,056	6,422	539,549	430,345
Total non-current assets		1,929,322	1,716,769	1,222,017	1,097,866
Biological assets	7	108,758	89,346	–	–
Inventories	12	405,728	375,251	–	–
Current tax assets		15,963	10,586	243	–
Trade and other receivables	11	378,597	338,801	158,347	102,038
Prepayments and other assets	13	27,648	24,453	626	1,360
Derivative financial assets	14	6,894	4,942	3,569	3,550
Cash and cash equivalents	15	306,907	249,874	10,013	17,817
		1,250,495	1,093,253	172,798	124,765
Assets classified as held for sale	16	110	–	–	–
Total current assets		1,250,605	1,093,253	172,798	124,765
Total assets		3,179,927	2,810,022	1,394,815	1,222,631
Equity					
Share capital		620,025	312,007	620,025	312,007
Share premium		–	308,018	–	308,018
Reserves		1,128,281	971,628	224,172	219,823
Equity attributable to owners of the Company		1,748,306	1,591,653	844,197	839,848
Non-controlling interests		93,305	79,241	–	–
Total equity	17	1,841,611	1,670,894	844,197	839,848
Liabilities					
Loans and borrowings	18	344,076	303,737	300,720	282,177
Employee benefits	19	4,483	2,304	–	–
Deferred tax liabilities	10	87,050	76,983	–	–
Total non-current liabilities		435,609	383,024	300,720	282,177
Loans and borrowings	18	579,711	469,798	207,725	97,054
Trade and other payables	20	313,394	271,566	42,173	3,390
Derivative financial liabilities	14	27	1,306	–	–
Current tax liabilities		9,575	13,434	–	162
Total current liabilities		902,707	756,104	249,898	100,606
Total liabilities		1,338,316	1,139,128	550,618	382,783
Total equity and liabilities		3,179,927	2,810,022	1,394,815	1,222,631

The notes on pages 69 to 146 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue					
– sale of goods		3,012,000	2,853,234	–	–
– dividend income		26	690	67,817	102,031
		3,012,026	2,853,924	67,817	102,031
Cost of sales		(2,467,424)	(2,332,336)	–	–
Gross profit		544,602	521,588	67,817	102,031
Administrative expenses		(212,765)	(186,404)	(4,970)	(4,100)
Distribution costs		(61,032)	(62,974)	–	–
Other expenses		(36,225)	(33,382)	–	–
Other income		47,189	30,420	21,184	9,768
Results from operating activities	21	281,769	269,248	84,031	107,699
Finance costs	22	(40,234)	(38,376)	(20,333)	(18,995)
Finance income	23	7,360	5,671	28,120	24,882
Share of profits of equity – accounted associates, net of tax		11,616	12,938	–	–
Profit before tax		260,511	249,481	91,818	113,586
Tax expense	24	(53,691)	(47,720)	(181)	(400)
Profit for the year		206,820	201,761	91,637	113,186
Other comprehensive income/(expenses), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		55,283	26,393	–	–
Fair value of available – for – sale financial assets		–	(1,584)	–	(1,584)
Share of (loss)/gain of equity – accounted associates		(3,330)	3,628	–	–
Cash flow hedge		3,055	(3,053)	3,194	(3,517)
Total other comprehensive income/(expenses) for the year, net of tax		55,008	25,384	3,194	(5,101)
Total comprehensive income for the year		261,828	227,145	94,831	108,085
Profit attributable to:					
Owners of the Company		195,921	192,079	91,637	113,186
Non-controlling interests		10,899	9,682	–	–
Profit for the year		206,820	201,761	91,637	113,186
Total comprehensive income attributable to:					
Owners of the Company		247,135	218,111	94,831	108,085
Non-controlling interests		14,693	9,034	–	–
Total comprehensive income for the year		261,828	227,145	94,831	108,085
Basic/Diluted earnings per ordinary share (sen)	25	16	15		

The notes on pages 69 to 146 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

		Attributable to owners of the Company								
		Non-distributable				Distributable				
	Note	Share capital RM'000	Share premium RM'000	Translation reserves RM'000	Fair value reserve RM'000	Hedging reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group										
At 1 April 2015		312,007	308,018	(62,125)	1,584	(2,603)	869,702	1,426,583	72,867	1,499,450
Foreign currency translation differences for foreign operations		–	–	27,041	–	–	–	27,041	(648)	26,393
Fair value of available-for-sale financial assets		–	–	–	(1,584)	–	–	(1,584)	–	(1,584)
Share of gain of equity-accounted associates		–	–	–	–	3,628	–	3,628	–	3,628
Cash flow hedge		–	–	–	–	(3,053)	–	(3,053)	–	(3,053)
Total other comprehensive income/(expenses) for the year		–	–	27,041	(1,584)	575	–	26,032	(648)	25,384
Profit for the year		–	–	–	–	–	192,079	192,079	9,682	201,761
Total comprehensive income/(expenses) for the year		–	–	27,041	(1,584)	575	192,079	218,111	9,034	227,145
Contributions by and distributions to owners of the Company										
– Dividend to owners of the Company	26	–	–	–	–	–	(53,041)	(53,041)	–	(53,041)
– Dividends to non-controlling interests		–	–	–	–	–	–	–	(4,715)	(4,715)
– Subscription of shares in a subsidiary by non-controlling interests		–	–	–	–	–	–	–	955	955
– Fair value adjustment of subsidiary acquired in prior year		–	–	–	–	–	–	–	1,100	1,100
Total transactions with owners of the Company		–	–	–	–	–	(53,041)	(53,041)	(2,660)	(55,701)
At 31 March 2016		312,007	308,018	(35,084)	–	(2,028)	1,008,740	1,591,653	79,241	1,670,894
		Note 17.1	Note 17.2	Note 17.3		Note 17.4				

Consolidated Statement of Changes in Equity
For the year ended 31 March 2017 (Cont'd)

	Note	Share capital RM'000	Share premium RM'000	Translation reserves RM'000	Fair value reserves RM'000	Hedging reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to owners of the Company								
		Non-distributable					*Distributable*			
Group										
At 31 March/1 April 2016		312,007	308,018	(35,084)	–	(2,028)	1,008,740	1,591,653	79,241	1,670,894
Foreign currency translation differences for foreign operations		–	–	51,489	–	–	–	51,489	3,794	55,283
Share of loss of equity-accounted associates		–	–	–	–	(3,330)	–	(3,330)	–	(3,330)
Cash flow hedge		–	–	–	–	3,055	–	3,055	–	3,055
Total other comprehensive income/ (expenses) for the year		–	–	51,489	–	(275)	–	51,214	3,794	55,008
Profit for the year		–	–	–	–	–	195,921	195,921	10,899	206,820
Total comprehensive income/ (expenses) for the year		–	–	51,489	–	(275)	195,921	247,135	14,693	261,828
Contributions by and distributions to owners of the Company										
– Dividend to owners of the Company	26	–	–	–	–	–	(53,041)	(53,041)	–	(53,041)
– Special dividend payable to owners of the Company	26	–	–	–	–	–	(37,441)	(37,441)	–	(37,441)
– Dividends to non-controlling interests		–	–	–	–	–	–	–	(4,779)	(4,779)
– Subscription of shares in a susidiary by non-controlling interests		–	–	–	–	–	–	–	4,150	4,150
Total transactions with owners of the Company		–	–	–	–	–	(90,482)	(90,482)	(629)	(91,111)
Transfer in accordance with Section 618(2) of the Companies Act 2016		308,018	(308,018)	–	–	–	–	–	–	–
At 31 March 2017		620,025	–	16,405	–	(2,303)	1,114,179	1,748,306	93,305	1,841,611
		Note 17.1	Note 17.2	Note 17.3		Note 17.4				

Statement of Changes in Equity

For the year ended 31 March 2017

	Note	Share capital RM'000	Share premium RM'000	Fair value reserves RM'000	Hedging reserves RM'000	Retained earnings RM'000	Total equity RM'000
		Attributable to owners of the Company					
		Non-distributable				*Distributable*	
Company							
At 1 April 2015		312,007	308,018	1,584	(299)	163,494	784,804
Fair value of available-for-sale financial assets		–	–	(1,584)	–	–	(1,584)
Cash flow hedge		–	–	–	(3,517)	–	(3,517)
Total other comprehensive expense for the year		–	–	(1,584)	(3,517)	–	(5,101)
Profit for the year		–	–	–	–	113,186	113,186
Total comprehensive (expense)/income for the year		–	–	(1,584)	(3,517)	113,186	108,085
Distributions to owners of the Company							
– Dividend to owners of the Company	26	–	–	–	–	(53,041)	(53,041)
Total transactions with owners of the Company		–	–	–	–	(53,041)	(53,041)
At 31 March 2016		312,007	308,018	–	(3,816)	223,639	839,848
		Note 17.1	Note 17.2		Note 17.4		
Company							
At 31 March/1 April 2016		312,007	308,018	–	(3,816)	223,639	839,848
Cash flow hedge		–	–	–	3,194	–	3,194
Total other comprehensive expense for the year		–	–	–	3,194	–	3,194
Profit for the year		–	–	–	–	91,637	91,637
Total comprehensive income for the year		–	–	–	3,194	91,637	94,831
Distributions to owners of the Company							
– Dividend to owners of the Company	26	–	–	–	–	(53,041)	(53,041)
– Special dividend payable to owners of the Company		–	–	–	–	(37,441)	(37,441)
Total transactions with owners of the Company		–	–	–	–	(90,482)	(90,482)
Transfer in accordance with Section 618(2) of the Companies Act 2016		308,018	(308,018)	–	–	–	–
At 31 March 2017		620,025	–	–	(622)	224,794	844,197
		Note 17.1	Note 17.2		Note 17.4		

The notes on pages 69 to 146 are an integral part of these financial statements.

Statements of Cash Flows

For the year ended 31 March 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash flows from operating activities					
Profit before tax		260,511	249,481	91,818	113,586
Adjustments for:					
Amortisation of investment properties		940	606	–	–
Amortisation of intangible assets		178	92	–	–
Amortisation of prepaid lease payments		1,596	1,705	–	–
Depreciation of property, plant and equipment	3	110,076	96,407	53	57
Derivative gain		(1,435)	(1,280)	–	–
Dividends from subsidiaries		–	–	(67,791)	(101,831)
Dividends from liquid investments		(26)	(200)	(26)	(200)
Finance costs		40,234	38,376	20,333	18,995
Finance income		(7,360)	(5,671)	(28,120)	(24,882)
Gain on disposal of other investments		–	(377)	–	(377)
Gain on disposal of a subsidiary	35.1	(14,509)	–	–	–
(Gain)/Loss on disposal of property, plant and equipment		(2,315)	639	–	–
Gain on disposal of investment property		–	(4)	–	–
Loss/(Gain) on foreign exchange – unrealised		726	(5,375)	22,649	(9,280)
Impairment loss of property, plant and equipment	3	1,696	–	–	–
Property, plant and equipment written off		704	2,059	–	–
Share of associates' profits		(11,616)	(12,938)	–	–
Negative goodwill		–	(1,187)	–	–
Operating profit/(loss) before changes in working capital		379,400	362,333	38,916	(3,932)
Changes in working capital:					
Biological assets		(42,295)	(12,539)	–	–
Inventories		(30,477)	(40,621)	–	–
Trade and other receivables and other financial assets		(45,671)	(19,658)	13,291	7,338
Employee benefits		2,179	638	–	–
Trade and other payables, including derivatives		64,429	53,010	1,342	(5,566)
Bills payable		34,826	(37,122)	–	–
Cash generated from/(used in) operations		362,391	306,041	53,549	(2,160)
Dividends from liquid investments		26	200	26	200
Income taxes paid		(50,679)	(50,274)	(586)	(1,000)
Interest paid		(8,463)	(10,263)	–	–
Interest received		7,360	5,671	28,120	24,882
Net cash generated from operating activities		310,635	251,375	81,109	21,922

Statements of Cash Flows
For the year ended 31 March 2017 (Cont'd)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	35.2	–	(1,076)	–	–
Acquisition of other investments		–	(237)	–	(237)
Acquisition of intangible assets		(3,960)	–	–	–
Acquisition of investment properties		(2,362)	(2,713)	–	–
Acquisition of property, plant and equipment	*(i)*	(315,473)	(238,108)	–	–
Acquisition of prepaid lease payments		(1,103)	(2,426)	–	–
Proceeds from disposal of investment property		–	229	–	–
Proceeds from disposal of other investments		–	60,590	–	60,590
Proceeds from disposal of property, plant and equipment		9,947	9,985	–	–
Net proceeds from disposal of a subsidiary	35.1	19,071	–	–	–
Dividends received from subsidiaries		–	–	35,760	101,831
Dividends received from associates	9	3,854	5,132	–	–
Increase in investment in associates	8	(3,824)	(2,362)	–	–
Increase in investment in subsidiaries		–	–	(15,000)	(1,800)
Net cash (used in)/generated from investing activities		(293,850)	(170,986)	20,760	160,384
Cash flows from financing activities					
Advances to subsidiaries		–	–	(165,513)	(110,809)
Subscription of shares by non-controlling interests		4,150	955	–	–
Dividends paid to non-controlling interests		(4,779)	(4,715)	–	–
Dividends paid to owners of the Company		(53,041)	(53,041)	(53,041)	(53,041)
Interest paid		(31,771)	(28,113)	(20,333)	(18,995)
Proceeds from government grant	3	10,263	–	–	–
Proceeds from/(Repayment of) loans and other borrowings		108,916	60,465	129,214	(5,541)
Repayment of finance lease liabilities		(309)	(745)	–	–
Net cash generated from/(used in) financing activities		33,429	(25,194)	(109,673)	(188,386)
Net increase/(decrease) in cash and cash equivalents		50,214	55,195	(7,804)	(6,080)
Cash and cash equivalents at 1 April		230,386	175,191	17,817	23,897
Cash and cash equivalents at 31 March	*(ii)*	280,600	230,386	10,013	17,817

Notes to the statements of cash flows

i) *Acquisition of property, plant and equipment*

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM315,712,000 (2016: RM238,178,000), of which RM239,000 (2016: RM70,000) were acquired by means of finance leases.

ii) *Cash and cash equivalents*

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Cash and bank balances		264,388	203,093	9,268	17,145
Deposits placed with licensed banks		26,372	24,910	580	580
Liquid investments		16,147	21,871	165	92
	15	306,907	249,874	10,013	17,817
Bank overdrafts	18	(26,307)	(19,488)	–	–
		280,600	230,386	10,013	17,817

The notes on pages 69 to 146 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2017

QL Resources Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business are as follows:

Registered office/Principal place of business
No. 16A, Jalan Astaka U8/83
Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates. The financial statements of the Company as at and for the financial year ended 31 March 2017 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 33 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 7 July 2017.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to FRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- FRS 9, Financial Instruments (2014)
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 4, Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts
- Amendments to FRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 140, Investment Property – Transfers of Investment Property

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations from the annual period beginning on 1 April 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

The Group and the Company falls within the scope of MFRS 141, *Agriculture*. Therefore, the Group and the Company is currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") and is referred to as a "Transitioning Entity".

Being Transitioning Entity, the Group and the Company will adopt the MFRS issued by MASB and International Financial Reporting Standard ("IFRS") and present its first set of MFRS financial statements for annual period beginning on 1 April 2018. As a result, the Group and the Company will not be adopting the above FRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2018.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 6 – measurement of the recoverable amounts of cash-generating units
- Note 7 – valuation of biological assets
- Note 11 – valuation of receivables
- Note 12 – valuation of inventories
- Note 19 – employee benefits

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 April 2011

For acquisitions on or after 1 April 2011, the Group measures the costs of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Business combinations (Cont'd)

Acquisitions between 1 April 2006 and 31 March 2011

For acquisitions between 1 April 2006 and 31 March 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 31 March 2006

For acquisitions prior to 31 March 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(v) Associates (Cont'd)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. Significant accounting policies (Cont'd)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 April 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2. Significant accounting policies (Cont'd)

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(m)(i)).

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(v) Hedge accounting

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period is recognised in profit or loss. The gain or loss on the hedged item, except for hedge item categorised as available-for-sale, attributable to the hedged risk is adjusted to the carrying amount of the hedged item and recognised in profit or loss. For a hedge item categorised as available-for-sale, the fair value gain or loss attributable to the hedge risk is recognised in profit or loss.

Fair value hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the control of the financial asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

2. Significant accounting policies (Cont'd)

(d) Property, plant and equipment (Cont'd)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group or the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Long term leasehold land	49 – 921 years
Buildings and improvements	4 – 50 years
Farm buildings	10 – 50 years
Fishing boat and equipment	5 – 20 years
Furniture, fittings and equipment	4 – 12.5 years
Plant and machinery	4 – 15 years
Office improvements and renovation	5 – 10 years
Motor vehicles	5 – 10 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(e) Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the relevant conditions and the grant will be received.

Grants that compensate the Group for expenses incurred are recognised initially as deferred income and recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

Grants that compensate the Group for the cost of an asset are deducted from the cost of the asset and are recognised in profit or loss on a systematic basis over the useful life of the depreciable assets as a reduced depreciation charged.

2. Significant accounting policies (Cont'd)

(f) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

In respect of a subsidiary in Indonesia, prepaid lease payments include land use rights which represent location permit, plantation license and cultivation rights title over the plantation land. The land use rights are amortised using straight-line method over the legal terms of the related land use rights.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(g) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

2. Significant accounting policies (Cont'd)

(g) Intangible assets (Cont'd)

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

	2017	2016
Capitalised development costs	10 years	10 years
Patents and trademarks	15 years	15 years
Franchise fees	20 years	–

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

2. Significant accounting policies (Cont'd)

(h) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 2(d).

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to/from investment property following a change in its use, the transfer does not change the cost and the carrying amount of that property transferred.

(i) Biological assets

(i) Plantation development expenditure

New planting which include land clearing, planting, field upkeep and maintenance of oil palm planting to maturity are capitalised as plantation development expenditure. Oil palm planting are considered mature 30 months after the date of planting. Expenditures incurred after maturity of crops are charged to the profit or loss. Estate overhead expenditure is apportioned to revenue and plantation development expenditure on the basis of the proportion of mature and immature areas.

Net income from scout harvesting prior to maturity is offset against plantation development expenditure.

Replanting expenditure is written off during the year in which it is incurred.

(ii) Livestock

Layer farms

Pullets and layers are measured at the lower of amortised cost and net realisable value. Cost of layers includes cost of the pullet plus all attributable costs including relevant overheads in nursing the pullet to the point of lay. Thereafter the cost is amortised over its estimated economic life of the layers of approximately 60 weeks.

Net realisable value is defined as the aggregate income expected to be generated from total eggs to be produced per layer and sales proceeds from the disposal of the ex-layer less related expenses expected to be incurred to maintain the layer.

2. Significant accounting policies (Cont'd)

(i) Biological assets (Cont'd)

(ii) Livestock (Cont'd)

Breeder farms

Breeders and hatching eggs are measured at the lower of cost less amortisation and net realisable value. Cost of breeders includes cost of parent stock plus all attributable cost including relevant overheads in breeding the parent stock and is amortised over its estimated economic useful life of approximately 40 weeks. Cost of hatching eggs includes cost of raw materials, direct labour and all other attributable cost including relevant overheads.

Net realisable value is defined as the aggregate income expected to be generated from the sales of day-old-chicks produced and sales proceeds from the disposal of the ex-layer less related expenses expected to be incurred to maintain the layer.

Broiler farms

Broilers are measured at lower of cost and net realisable value. Cost of broilers includes costs of chicks plus all attributable costs in breeding the chicks to saleable condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

Shrimp farms

Shrimp livestock are measured at lower of cost and net realisable value. Cost of shrimp livestock includes costs of larvae and nauplii plus all attributable costs in breeding the shrimp livestock to saleable condition. For broodstock, cost consists of the original purchase price. The costs of the broodstock are amortised over the expected reproductive lifespan which are estimated to be approximately 6 months.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(j) Inventories

Inventories comprise raw materials, manufactured inventories and trading inventories which are measured at the lower of cost and net realisable value. The cost of inventories is measured based on first-in-first-out principle.

The cost of raw materials and trading inventories comprises the original purchase price plus incidentals in bringing these inventories to their present location and condition. For manufactured inventories, cost consists of raw materials, direct labour, an appropriate portion of fixed and variable production overheads based on normal operating capacity and other incidental costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

2. Significant accounting policies (Cont'd)

(k) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management for their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with Note 2(c).

(m) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2. Significant accounting policies (Cont'd)

(m) Impairment (Cont'd)

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax assets and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(n) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

2. Significant accounting policies (Cont'd)

(o) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit retirement plans arises from its subsidiaries in Indonesia for long-term and post-employment benefits, such as pension, severance pay, service pay and other benefits.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

2. Significant accounting policies (Cont'd)

(q) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Management fee and administrative charges

Management fee and administrative charges are recognised on an accrual basis.

(iii) Rental income

Rental income from investment properties is recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(r) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2. Significant accounting policies (Cont'd)

(s) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(t) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2. Significant accounting policies (Cont'd)

(v) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(w) Fair value measurements

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. **Property, plant and equipment**

	Freehold land RM'000	Long term leasehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000	Furniture, fittings and equipment RM'000	Plant and machinery RM'000	Office improvements and renovation RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Group											
Cost											
At 1 April 2015	103,580	56,483	230,910	257,043	56,706	80,817	706,519	2,475	86,838	152,971	1,734,342
Additions	10,164	2,048	23,555	52,170	3,942	10,334	64,500	219	9,757	61,489	238,178
Disposals	(200)	(554)	(3,029)	(595)	(1,625)	(911)	(6,137)	(301)	(1,902)	(1,373)	(16,627)
Written off	–	–	(393)	(1,397)	–	(952)	(3,139)	(304)	(4)	–	(6,189)
Transfer in/(out)	–	17,774	49,466	40,116	4,855	2,109	42,128	–	1,546	(157,994)	–
Acquisition of a subsidiary	–	–	1,495	–	–	–	–	–	–	–	1,495
Fair value adjustment of subsidiary acquired in prior year	2,324	–	–	–	–	–	–	–	–	–	2,324
Effect of movements in exchange rates	128	(1,962)	(198)	1,675	–	2,331	1,517	(2)	321	(1,814)	1,996
At 31 March/1 April 2016	115,996	73,789	301,806	349,012	63,878	93,728	805,388	2,087	96,556	53,279	1,955,519
Additions	36,470	28,297	9,124	21,078	4,994	19,162	50,190	2,550	13,074	130,773	315,712
Disposals	(421)	–	(1,834)	(24)	–	(1,293)	(2,854)	–	(4,591)	(182)	(11,199)
Written off	–	–	–	(1,747)	–	(106)	(561)	–	(128)	–	(2,542)
Transfer in/(out)	1,656	–	8,901	25,771	1,492	345	33,343	–	–	(71,508)	–
Transfer to investment properties	–	(6,233)	–	–	–	–	–	–	–	–	(6,233)
Disposal of a subsidiary	–	(1,976)	–	–	–	–	–	–	–	(894)	(2,870)
Government grant	–	–	(10,224)	–	–	–	(39)	–	–	–	(10,263)
Effect of movements in exchange rates	725	–	1,096	1,899	–	(993)	1,793	–	533	1,070	6,123
At 31 March 2017	154,426	93,877	308,869	395,989	70,364	110,843	887,260	4,637	105,444	112,538	2,244,247

3. **Property, plant and equipment (Cont'd)**

	Freehold land RM'000	Long term leasehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000	Furniture, fittings and equipment RM'000	Plant and machinery RM'000	Office improvements and renovation RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Group											
Depreciation and impairment loss											
At 1 April 2015	–	7,196	41,034	65,232	16,652	34,897	277,451	1,083	51,409	–	494,954
Depreciation for the year	–	559	9,499	14,520	3,221	10,929	47,746	160	9,773	–	96,407
Disposals	–	(113)	(738)	(393)	(585)	(693)	(2,035)	(119)	(1,327)	–	(6,003)
Written off	–	–	(274)	(1,152)	–	(774)	(1,689)	(237)	(4)	–	(4,130)
Acquisition of a subsidiary	–	–	195	–	–	–	–	–	–	–	195
Effect of movements in exchange rates	–	(584)	37	(41)	–	938	886	–	199	–	1,435
At 31 March/1 April 2016	–	7,058	49,753	78,166	19,288	45,297	322,359	887	60,050	–	582,858
Depreciation for the year	–	846	10,214	15,823	3,473	12,766	54,888	239	11,827	–	110,076
Disposals	–	–	(618)	(19)	–	(836)	(761)	–	(1,333)	–	(3,567)
Written off	–	–	–	(1,088)	–	(77)	(545)	–	(128)	–	(1,838)
Transfer to investment properties	–	(75)	–	–	–	–	–	–	–	–	(75)
Disposal of a subsidiary	–	(11)	–	–	–	–	–	–	–	–	(11)
Impairment loss	–	–	332	–	–	201	1,162	–	1	–	1,696
Effect of movements in exchange rates	–	9	(670)	(3,152)	–	(1,566)	185	–	497	–	(4,697)
At 31 March 2017											
– Accumulated depreciation	–	7,827	58,679	89,730	22,761	55,584	376,126	1,126	70,913	–	682,746
– Accumulated impairment loss	–	–	332	–	–	201	1,162	–	1	–	1,696
	–	7,827	59,011	89,730	22,761	55,785	377,288	1,126	70,914	–	684,442
Carrying amounts											
At 1 April 2015	103,580	49,287	189,876	191,811	40,054	45,920	429,068	1,392	35,429	152,971	1,239,388
At 31 March/1 April 2016	115,996	66,731	252,053	270,846	44,590	48,431	483,029	1,200	36,506	53,279	1,372,661
At 31 March 2017	154,426	86,050	249,858	306,259	47,603	55,058	509,972	3,511	34,530	112,538	1,559,805

3. Property, plant and equipment (Cont'd)

	Motor vehicles RM'000
Company	
Cost	
At 1 April 2015/31 March 2016/1 April 2016/31 March 2017	751
Accumulated depreciation	
At 1 April 2015	429
Depreciation for the year	57
At 31 March/1 April 2016	486
Depreciation for the year	53
At 31 March 2017	539
Carrying amounts	
At 1 April 2015	322
At 31 March/1 April 2016	265
At 31 March 2017	212

3.1 Government grant

During the year, a subsidiary of the Company has received a government grant in respect of the integrated shrimps farm amounting to RM10,263,000.

3.2 Assets under finance lease

Included in property, plant and equipment of the Group are assets acquired under finance lease agreements with the following net book value:

	Group	
	2017 RM'000	2016 RM'000
Motor vehicles	1,196	1,298

3.3 Capital work-in-progress

Capital work-in-progress is in respect of the on-going construction of buildings and installation of plant and machinery in certain subsidiaries.

4. Investment properties

	Note	Group RM'000
Cost		
At 1 April 2015		33,693
Additions		2,713
Disposals		(229)
At 31 March/1 April 2016		36,177
Additions		2,362
Transfer from property, plant and equipment	3	6,233
Disposal of a subsidiary		(14,990)
At 31 March 2017		29,782
Amortisation and impairment loss		
At 1 April 2015		
– Accumulated amortisation		3,321
– Accumulated impairment loss		1,221
		4,542
Amortisation for the year		606
Disposal for the year		(4)
At 31 March/1 April 2016		
– Accumulated amortisation		3,923
– Accumulated impairment loss		1,221
		5,144
Amortisation for the year		940
Transfer from property, plant and equipment	3	75
Disposal of a subsidiary		(48)
At 31 March 2017		
– Accumulated amortisation		4,890
– Accumulated impairment loss		1,221
		6,111
Carrying amount		
At 1 April 2015		29,151
At 31 March/1 April 2016		31,033
At 31 March 2017		23,671
Fair value		
At 1 April 2015		68,080
At 31 March/1 April 2016		79,706
At 31 March 2017		57,477

4. Investment properties (Cont'd)

The following are recognised in profit or loss in respect of investment properties:

	2017 RM'000	2016 RM'000
Rental income	1,230	2,532
Direct operating expenses:		
– income generating investment properties	(867)	(872)
– non-income generating investment properties	(85)	(82)

Fair value information
Fair value of investment properties are categorised as follows:

	Level 3	
	2017 RM'000	2016 RM'000
Group		
Land	34,536	54,895
Building	22,941	24,811
	57,477	79,706

Level 3 fair value
Level 3 fair value is estimated using unobservable inputs for the investment property.

Level 3 fair values of land is estimated by Directors by made reference to the asking price of comparable properties in close proximity and adjusted for differences in key attributes such as property size and bargain discount. The significant unobservable inputs include adjustments to price per square feet at comparable properties and the discount factors.

5. Prepaid lease payments

	Note	Short-term leasehold land* RM'000
Group		
Cost		
At 1 April 2015		65,857
Additions		2,426
Effect of movements in exchange rates		78
At 31 March/1 April 2016		68,361
Additions		1,103
Transfer to current asset held for sale	16	(150)
Effect of movements in exchange rates		42
At 31 March 2017		69,356

5. Prepaid lease payments (Cont'd)

	Note	Short-term leasehold land* RM'000
Group		
Amortisation		
At 1 April 2015		8,349
Amortisation for the year		1,705
Effect of movements in exchange rate		(35)
At 31 March/1 April 2016		10,019
Amortisation for the year		1,596
Transfer to current asset held for sale	16	(40)
Effect of movements in exchange rate		3
At 31 March 2017		11,578
Carrying amounts		
At 1 April 2015		57,508
At 31 March/1 April 2016		58,342
At 31 March 2017		57,778

* Unexpired period less than 50 years.

Included in the cost of prepaid lease payments is an amount of RM19,740,000 (equivalent to USD6,000,000) which represents the valuation of the land use rights in respect of a subsidiary in Indonesia, as agreed in a master joint venture agreement dated 16 August 2006. The land use rights represent the location permit, plantation license and the cultivation right title over the plantation land of approximately 20,000 hectares.

The approval for the land utilisation rights measuring 14,177 hectares were granted in 2010 for a period of 35 years, out of which title to 10,159 hectares were issued in prior years and remaining of 4,018 hectares were issued during the financial year. The cultivation right title is extendable under Indonesian Land Ordinance.

Under the Indonesian regulations, approximately 20% of the land use rights have to be set aside for Plasma Scheme. This Scheme is a programme where oil palm plantation owners/operators are required to participate in selected programmes to develop plantations to smallholders (herein referred to as plasma farmers)(see Note 11.2).

6. Intangible assets

	Goodwill RM'000	Development costs RM'000	Patents and trademarks RM'000	Franchise fees RM'000	Total RM'000
Group					
Cost					
At 1 April 2015	6,250	54	554	–	6,858
Additions	896	–	–	–	896
Effect of movements in exchange rates	76	–	–	–	76
At 31 March/1 April 2016	7,222	54	554	–	7,830
Additions	–	–	–	3,960	3,960
Effect of movements in exchange rates	140	–	–	–	140
At 31 March 2017	7,362	54	554	3,960	11,930
Amortisation and impairment loss					
At 1 April 2015					
– Accumulated amortisation	–	46	260	–	306
– Accumulated impairment loss	197	–	89	–	286
	197	46	349	–	592
Amortisation for the year	–	3	89	–	92
At 31 March/1 April 2016					
– Accumulated amortisation	–	49	349	–	398
– Accumulated impairment loss	197	–	89	–	286
	197	49	438	–	684
Amortisation for the year	–	3	89	86	178
At 31 March 2017					
– Accumulated amortisation	–	52	438	86	576
– Accumulated impairment loss	197	–	89	–	286
	197	52	527	86	862
Carrying amounts					
At 1 April 2015	6,053	8	205	–	6,266
At 31 March/1 April 2016	7,025	5	116	–	7,146
At 31 March 2017	7,165	2	27	3,874	11,068

6. Intangible assets (Cont'd)

The goodwill recognised on acquisition is attributable mainly to the synergies expected to be achieved from integrating the acquired companies into the Group's existing operations.

For the purpose of the impairment testing, goodwill is allocated to the lowest level within the Group of which the goodwill is monitored for internal management purposes.

The recoverable amounts of the cash-generating units were based on value in use calculation. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

7. Biological assets

	Group	
	2017 **RM'000**	**2016** **RM'000**
At cost:		
Non-current		
Plantation development expenditure	151,989	129,106
Current		
Livestock	108,758	89,346
	260,747	218,452

8. Investment in subsidiaries

	Company	
	2017 **RM'000**	**2016** **RM'000**
Unquoted shares, at cost	682,256	667,256

During the financial year, the Company increased its investments in subsidiaries by RM15,000,000 (2016: RM1,800,000).

Details of the Company's subsidiaries are shown in Note 33.

8. Investment in subsidiaries (Cont'd)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2017					
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiara Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	29.41%	10.00%	25.50%	36.67%		
Carrying amount of NCI	51,911	9,295	4,272	10,847	16,980	93,305
Total comprehensive income/(expense) allocated to NCI	8,801	(23)	4,205	(306)	2,016	14,693
Summarised financial information before intra-group elimination						
As at 31 March						
Non-current assets	132,467	190,368	228,493	34,546		
Current assets	82,563	85,703	39,024	9,955		
Non-current liabilities	(20,510)	(12,128)	(1,410)	(6,462)		
Current liabilities	(18,010)	(170,993)	(249,355)	(8,459)		
Net assets	176,510	92,950	16,752	29,580		

8. Investment in subsidiaries (Cont'd)

Non-controlling interests in subsidiaries (Cont'd)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (Cont'd)

	2017			
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	**QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000**	**PT Pipit Mutiara Indah RM'000**	**Kembang Subur Sdn. Bhd. and its subsidiaries RM'000**
Year ended 31 March				
Revenue	181,070	197,813	105,730	18,895
Total comprehensive income/(expense)	29,928	(235)	16,490	(834)
Cash flows from operating activities	33,871	63,932	32,192	1,629
Cash flows used in investing activities	(16,326)	(64,655)	(13,627)	(3,709)
Cash flows (used in)/from financing activities	(17,509)	(2,895)	(10,017)	2,107
	36	(3,618)	8,548	27
Dividends paid to NCI	(4,180)	(275)	–	–

8. Investment in subsidiaries (Cont'd)

Non-controlling interests in subsidiaries (Cont'd)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (Cont'd)

	2016					
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	**QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000**	**PT Pipit Mutiara Indah RM'000**	**Kembang Subur Sdn. Bhd. and its subsidiaries RM'000**	**Other individually immaterial subsidiaries RM'000**	**Total RM'000**
NCI percentage of ownership interest and voting interest	29.41%	10.00%	25.50%	36.67%		
Carrying amount of NCI	47,290	9,343	67	11,153	11,388	79,241
Total comprehensive income/(expense) allocated to NCI	10,259	542	1,838	91	(3,696)	9,034
Summarised financial information before intra-group elimination						
As at 31 March						
Non-current assets	127,465	136,599	198,596	33,463		
Current assets	74,996	81,415	13,270	10,417		
Non-current liabilities	(25,305)	(12,970)	(711)	(8,362)		
Current liabilities	(16,362)	(111,609)	(210,893)	(5,104)		
Net assets	160,794	93,435	262	30,414		

8. Investment in subsidiaries (Cont'd)

Non-controlling interests in subsidiaries (Cont'd)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (Cont'd)

	2016			
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiara Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000
Year ended 31 March				
Revenue	166,133	194,109	57,717	23,657
Total comprehensive income	34,881	5,427	7,207	247
Cash flows from/(used in) operating activities	37,037	(16,152)	10,022	(110)
Cash flows used in investing activities	(18,076)	(23,542)	(9,787)	(7,933)
Cash flows (used in)/from financing activities	(3,014)	35,655	(2,067)	8,121
	15,947	(4,039)	(1,832)	78
Dividends paid to NCI	(2,904)	(949)	–	(564)

9. Investment in associates

	Group	
	2017 RM'000	2016 RM'000
At cost:		
Unquoted shares	2,594	2,594
Quoted shares in Malaysia	59,736	55,912
Share of post-acquisition reserve	53,826	50,573
	116,156	109,079
Market value:		
Quoted shares in Malaysia	185,761	220,147

During the financial year, the Group increased its investment in Boilermech Holdings Berhad by RM3,824,000 (2016: RM2,362,000).

Details of the associates are as follows:

Name of Company	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2017 %	2016 %
Indahgrains Logistics Sdn. Bhd.*	Malaysia	Operating of warehouse and warehouse management	29.87	29.87
Boilermech Holdings Berhad#	Malaysia	Manufacturing, repairing and servicing of boilers	42.60	41.83
AB Hatchery Sdn. Bhd.*	Malaysia	Hatchery and culturing of shrimps	31.03	31.03

* Equity accounted based on management accounts.
\# Audited by another firm of accountants.

9. Investment in associates (Cont'd)

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	2017		
	Boilermech Holdings Berhad RM'000	Other individually immaterial associates RM'000	Total RM'000
Group			
Summarised financial information			
As at 31 March			
Non-current assets	91,084		
Current assets	182,139		
Non-current liabilities	(8,069)		
Current liabilities	(88,103)		
Net assets	177,051		
Less: Non-controlling interest	(7,975)		
	169,076		
Year ended 31 March			
Total comprehensive income of the material associate	16,153		
Included in the total comprehensive income of the material associate are:			
Revenue of the material associate	237,190		
Reconciliation of net assets to carrying amount			
As at 31 March			
Group's share of net assets	72,026	2,925	74,951
Goodwill	41,157	48	41,205
Carrying amount in the statements of financial position	113,183	2,973	116,156
Group's share of results for year ended 31 March			
Group's share of profit or loss	10,211	1,405	11,616
Group's share of other comprehensive expense	(3,330)	–	(3,330)
Group's share of total comprehensive income	6,881	1,405	8,286
Other information			
Dividends received	3,257	597	3,854

9. Investment in associates (Cont'd)

	2016		
	Boilermech Holdings Berhad RM'000	**Other individually immaterial associates RM'000**	**Total RM'000**
Group			
Summarised financial information			
As at 31 March			
Non-current assets	94,291		
Current assets	204,698		
Non-current liabilities	(7,518)		
Current liabilities	(121,848)		
Net assets	169,623		
Less: Non-controlling interest	(7,973)		
	161,650		
Year ended 31 March			
Total comprehensive income of the material associate	39,562		
Included in the total comprehensive income of the material associate are:			
Revenue of the material associate	260,109		
Reconciliation of net assets to carrying amount			
As at 31 March			
Group's share of net assets	67,618	3,261	70,879
Goodwill	38,152	48	38,200
Carrying amount in the statements of financial position	105,770	3,309	109,079
Group's share of results for year ended 31 March			
Group's share of profit or loss	12,804	134	12,938
Group's share of other comprehensive income	3,628	–	3,628
Group's share of total comprehensive income	16,432	134	16,566
Other information			
Dividends received	3,746	1,386	5,132

10. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Group						
Property, plant and equipment	–	–	(91,400)	(77,856)	(91,400)	(77,856)
Biological assets	–	–	(1,979)	(1,979)	(1,979)	(1,979)
Tax loss carry-forwards	2,046	1,254	–	–	2,046	1,254
Unabsorbed capital allowances	4,287	4,120	–	–	4,287	4,120
Other temporary differences	1,686	1,627	(891)	(1,169)	795	458
Tax assets/(liabilities)	8,019	7,001	(94,270)	(81,004)	(86,251)	(74,003)
Set-off of tax	(7,220)	(4,021)	7,220	4,021	–	–
Net tax assets/(liabilities)	799	2,980	(87,050)	(76,983)	(86,251)	(74,003)

Movement in temporary differences during the year

	At 1.4.2015 RM'000	Recognised in profit or loss (Note 24) RM'000	At 31.3.2016/ 1.4.2016 RM'000	Recognised in profit or loss (Note 24) RM'000	At 31.3.2017 RM'000
Group					
Property, plant and equipment	(70,944)	(6,912)	(77,856)	(13,544)	(91,400)
Biological assets	(2,063)	84	(1,979)	–	(1,979)
Tax loss carry-forwards	123	1,131	1,254	792	2,046
Unabsorbed capital allowances	1,725	2,395	4,120	167	4,287
Other temporary differences	183	275	458	337	795
	(70,976)	(3,027)	(74,003)	(12,248)	(86,251)

10. Deferred tax assets/(liabilities) (Cont'd)

Unrecognised deferred tax

Deferred tax has not been recognised in respect of the following items (stated at gross):

	Group	
	2017 RM'000	**2016 RM'000**
Property, plant and equipment	51,583	57,530
Tax loss carry-forwards	(204,652)	(192,524)
Unabsorbed capital allowances	(68,830)	(56,853)
Other deductible temporary differences	(13,277)	(12,088)
	(235,176)	(203,935)

The tax loss carry-forwards do not expire under current tax legislation, except for tax losses of a subsidiary in Vietnam of nil (2016: RM804,000) which expire over a 3 years period and tax losses of subsidiaries in Indonesia of RM169,297,000 (2016: RM177,774,000) which expire over a 4 years period.

Deferred tax assets have not been recognised in respect of the tax loss carry-forwards and unabsorbed capital allowances because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits there from.

11. Trade and other receivables

		Group		Company	
	Note	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Non-current					
Subsidiaries	11.1	–	–	539,549	430,345
Other receivables	11.2	8,056	6,422	–	–
		8,056	6,422	539,549	430,345
Current					
Trade					
Trade receivables	11.3	307,280	277,242	–	–
Non-Trade					
Subsidiaries	11.1	–	–	158,347	102,038
Other receivables	11.2	71,317	61,559	–	–
		71,317	61,559	158,347	102,038
		378,597	338,801	158,347	102,038
		386,653	345,223	697,896	532,383

11. Trade and other receivables (Cont'd)

11.1 Amounts due from subsidiaries

Subsidiaries

The amounts due from subsidiaries of the Company are in respect of advances, which are unsecured, interest free and repayable on demand except for:

i) RM291,592,000 (2016: RM252,912,000) which are unsecured, subject to fixed interest rate from 3.70% to 6.50% (2016: 4.60% to 6.00%) per annum with fixed terms of repayment over a period of 1 to 4 years (2016: 1 to 5 years);

ii) RM52,472,000 (2016: RM18,283,000) which are unsecured, subject to fixed interest rate from 3.70% to 5.09% (2016: 5.50% to 6.00%) per annum and is repayable on demand;

iii) RM247,957,000 (2016: RM177,433,000) which are subject to the Company's weighted cost of funds ("COF") plus 0.50% (2016: COF plus 0.50%) per annum with fixed terms of repayment over a period of 1 to 6 years (2016: 1 to 5 years); and

iv) RM44,768,000 (2016: RM79,240,000) which are subject to Company's COF plus 0.50% (2016: COF plus 0.50%) per annum and is repayable on demand.

11.2 Other receivables

i) Included in non-current other receivables of the Group are advances for plasma plantation projects in Indonesia amounting to RM8,056,000 (2016: RM6,422,000).

   The advances made by the Group in the form of plasma plantation development costs are recoverable from the plasma farmers upon the completion and handover of the plasma plantation projects to plasma farmers. These advances are recoverable from plasma farmers or through bank loans obtained by plasma farmers. Impairment losses are made when the estimated amount recoverable is less than the outstanding advances.

ii) Included in current other receivables of the Group are advances made to suppliers of certain subsidiaries amounting to RM32,050,000 (2016: RM32,534,000) to secure the constant source of raw material supplies for the manufacturing activities. The amount is net of impairment loss on advances to suppliers, unsecured, interest free and repayment is substantially made through the supply of raw materials.

11. Trade and other receivables (Cont'd)

11.3 Trade receivables

Included in the trade receivables of the Group are the following amounts due from related parties:

	Group	
	2017 RM'000	2016 RM'000
A person connected with a Director of a subsidiary	441	294
Companies in which certain Directors of the subsidiaries have interests	15,764	10,315
	16,205	10,609

The amounts due from related parties are subject to normal trade credit terms.

12. Inventories

	Group	
	2017 RM'000	2016 RM'000
At cost:		
Raw materials	99,780	97,297
Manufactured and trading inventories	304,500	276,470
	404,280	373,767
At net realisable value:		
Manufactured and trading inventories	1,448	1,484
	405,728	375,251

13. Prepayments and other assets

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits	7,477	8,135	185	185
Prepayments	20,171	16,318	441	1,175
	27,648	24,453	626	1,360

14. Derivative financial assets/(liabilities)

	2017			2016		
	Nominal value RM'000	Assets RM'000	Liabilities RM'000	Nominal value RM'000	Assets RM'000	Liabilities RM'000
Group						
Derivatives used for hedging, which relates to forward foreign exchange contract ("FFEC"), interest rate swap and commodity future contracts	242,339	6,894	(27)	115,338	4,942	(1,306)
Company						
Derivatives used for hedging, which relates to forward foreign exchange contract ("FFEC") and interest rate swap	194,935	3,569	–	61,280	3,777	(227)

15. Cash and cash equivalents

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	264,388	203,093	9,268	17,145
Deposits with licensed banks	26,372	24,910	580	580
Liquid investments	16,147	21,871	165	92
	306,907	249,874	10,013	17,817

16. Asset classified as held for sale

	Note	Group 2017 RM'000	Group 2016 RM'000
Assets classified as held for sale			
Prepaid lease payment	5	110	–

The carrying value of prepaid lease payment is the same as its carrying value before it was being reclassified to current asset.

17. Capital and reserves

17.1 Share capital

	Group and Company			
	Amount 2017 RM'000	Number of shares 2017 '000	Amount 2016 RM'000	Number of shares 2016 '000
Ordinary shares, issued and fully paid:				
At 1 April 2016/2015	312,007	1,248,030	312,007	1,248,030
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016	308,018	–	–	–
At 31 March	620,025	1,248,030	312,007	1,248,030
	Note 17.1.1			

17.1.1 Included in share capital is share premium amounting to RM308,018,000 that is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of section 74 of Companies Act 2016).

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

17.2 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The new Companies Act 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. Accordingly, the share premium has been transferred and become part of the Company's share capital (see Note 17.1).

17.3 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM as well as the exchange differences arising from monetary items that in substance form the Company's net investments in subsidiaries.

17.4 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

18. Loans and borrowings

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Non-current:					
Term loans					
– Conventional-unsecured		139,883	54,703	96,720	33,340
– Islamic-unsecured		204,000	248,837	204,000	248,837
Finance lease liabilities	18.1	193	197	–	–
		344,076	303,737	300,720	282,177
Current:					
Term loans					
– Conventional-unsecured		59,209	123,772	47,225	45,610
– Conventional-secured		–	1,475	–	–
– Islamic-unsecured		69,500	35,444	69,500	35,444
Bank overdrafts					
– Unsecured		26,307	19,488	–	–
Bills payable					
– Conventional-unsecured		219,862	192,777	–	–
– Islamic-unsecured		63,890	52,630	–	–
Revolving credit					
– Unsecured		140,823	43,787	91,000	16,000
Finance lease liabilities	18.1	120	425	–	–
		579,711	469,798	207,725	97,054
		923,787	773,535	508,445	379,231

18.1 Finance lease liabilities

Group

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2017 RM'000	Interest 2017 RM'000	Present value of minimum lease payments 2017 RM'000	Future minimum lease payments 2016 RM'000	Interest 2016 RM'000	Present value of minimum lease payments 2016 RM'000
Less than one year	136	(16)	120	493	(68)	425
Between one and five years	202	(9)	193	222	(25)	197
	338	(25)	313	715	(93)	622

19. Employee benefits

The Group's net obligation in respect of defined benefit retirement plans arises from its subsidiaries in Indonesia. The following tables summarise the components of net employee benefit expense recognised in the statements of profit or loss and other comprehensive income and in the statements of financial position as employee benefits.

	Group	
	2017	**2016**
	RM'000	**RM'000**
• Expense recognised in profit or loss		
Current service cost	2,130	703
Interest on obligation	260	141
Net benefit expense	2,390	844
• Present value of defined benefit obligations		
Present value of defined benefit obligations	4,483	2,304
Unrealised actuarial gain	–	–
Net benefit expense	4,483	2,304
Present value of defined benefit obligation		
Defined benefit obligations at 1 April 2016/2015	2,304	1,666
Current service cost and interest	2,390	844
Payment during the year	(211)	(206)
Defined benefit obligations at 31 March	4,483	2,304

The principal assumptions used in determining the retirement benefit cost at end of the reporting period are as follows:

Calculation method	:	Projected Unit Credit
Normal pension age	:	55 years
Annual salary increment (estimated)	:	7% - 10.2% (2016: 7% - 10.2%)
Annual discount rate	:	8% - 8.5% (2016: 8%)
Mortality level	:	Indonesian Mortality Table ("TMI") 3
Disability level	:	10% from mortality level (2016: 10%)
Resignation level	:	5% constant until the age of 34 and linearly decreasing until the pension age

The Group's management believes that the accrued employee benefit as of 31 March 2017 is sufficient to meet the requirements of the law in Indonesia.

20. Trade and other payables

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Current					
Trade payables	20.1	137,045	153,481	–	–
Associate-trade	20.2	1,563	1,868	–	–
Other payables	20.3	134,242	85,240	37,488	28
Accrued expenses		40,544	30,977	4,685	3,362
		313,394	271,566	42,173	3,390

20.1 Trade payables

Included in trade payables of the Group are the following amounts due to related parties:

	Group 2017 RM'000	Group 2016 RM'000
Companies in which certain Directors of subsidiaries have interests	992	444

The amounts due to related parties are subject to normal trade credit terms.

20.2 Amount due to associate

The amount due to associate is trade in nature, interest free and subject to normal trade terms.

20.3 Other payables

Included in other payables of the Group are the following amounts due to related parties:

	Group 2017 RM'000	Group 2016 RM'000
Companies in which certain Directors have interests	28	185
Amount due to non-controlling interests and its related parties	52,103	47,843
	52,131	48,028

The amounts due to related parties are unsecured, interest free and repayable on demand.

21. Results from operating activities

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Results from operating activities is arrived at after charging:				
Auditors' remuneration				
– Audit fees				
KPMG Malaysia				
– current year	1,124	1,041	189	181
– prior years	17	54	–	–
Overseas affiliates of KPMG Malaysia	72	46	–	–
Other auditors	253	230	–	–
– Non-audit fees				
– KPMG Malaysia	327	146	327	146
– Overseas affiliates of KPMG Malaysia	232	152	–	–
Amortisation of investment properties	940	606	–	–
Amortisation of intangible assets	178	92	–	–
Amortisation of prepaid lease payments	1,596	1,705	–	–
Bad debts written off	922	317	–	–
Depreciation of property, plant and equipment	110,076	96,407	53	57
Hire of plant and machinery	34	50	–	–
Impairment loss on property, plant and equipment	1,696	–	–	–
Impairment loss on receivables	5,510	1,395	–	–
Loss on disposal of property, plant and equipment	–	639	–	–
Loss on foreign exchange				
– realised	3,190	–	1,463	–
– unrealised	726	–	–	–
Loss on liquid investment				
– unrealised	45	–	–	–
Personnel expenses (including key management personnel):				
– wages, salaries and others	171,766	132,509	–	–
– contributions to state plans	11,637	9,467	–	–
– expenses related to defined benefit plans	2,390	844	–	–
Property, plant and equipment written off	704	2,059	–	–
Rental of land and buildings and office premises	6,697	5,537	–	–
Rental of plant, machinery, equipment and motor vehicles	119	34	–	–

21. Results from operating activities (Cont'd)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
and after crediting:				
Dividend income from:				
Subsidiaries (unquoted)	–	–	67,791	101,831
Other investments				
– liquid investments	26	200	26	200
Derivative gain	1,435	1,280	–	–
Gain on foreign exchange				
– realised	–	7,448	–	431
– unrealised	–	5,375	22,649	9,280
Gain on liquid investment				
– unrealised	–	119	–	–
Gain on disposal of other investments	–	377	–	377
Gain on disposal of investment property	–	4	–	–
Gain on disposal of property, plant and equipment	2,315	–	–	–
Gain on disposal of a subsidiary	14,509	–	–	–
Negative goodwill	–	1,187	–	–
Rental of equipment	162	666	–	–
Rental of premises	1,976	3,021	–	–
Reversal of impairment loss:				
– advances to suppliers	126	–	–	–
– trade and other receivables	896	592	–	–

22. Finance costs

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense of financial liabilities that are not at fair value through profit or loss:				
– term loans	24,573	22,137	18,553	18,256
– bank overdrafts	1,467	1,765	–	–
– bills payable	6,996	8,498	–	–
– finance lease liabilities	40	90	–	–
– banker's acceptances	1,355	1,680	–	–
– revolving credit	2,511	1,742	1,569	739
	36,942	35,912	20,122	18,995
Other finance costs	3,292	2,464	211	–
	40,234	38,376	20,333	18,995

23. Finance income

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
– deposits placed with licensed banks	7,064	4,396	279	571
– subsidiaries	–	–	27,841	24,311
– others	296	1,275	–	–
	7,360	5,671	28,120	24,882

24. Tax expense

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Tax expense on continuing operations	53,691	47,720	181	400
Share of tax of equity				
– accounted associates	3,830	3,284	–	–
Total tax expense	57,521	51,004	181	400
Current tax expense				
– current year	41,004	43,186	457	830
– under/(over) provision in prior years	439	1,507	(276)	(430)
	41,443	44,693	181	400
Deferred tax expense				
– origination of temporary differences	10,880	6,935	–	–
– under/(over) provision in prior years	1,368	(3,908)	–	–
	12,248	3,027	–	–
Share of tax of equity				
– accounted associates	3,830	3,284	–	–
Total tax expense	57,521	51,004	181	400

Reconciliation of tax expense

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Profit for the year	206,820	201,761	91,637	113,186
Total income tax expense	57,521	51,004	181	400
Profit excluding tax	264,341	252,765	91,818	113,586
Income tax calculated using Malaysian tax rate of 24% (2016: 24%)	63,442	60,664	22,036	27,261
Effect of tax rates in foreign jurisdictions	(332)	(489)	–	–
Non-deductible expenses	10,084	14,892	2,868	387
Tax exempt income	(7,871)	(5,327)	(24,447)	(26,818)
Tax incentives*	(10,399)	(14,759)	–	–
Effect of temporary differences not recognised/(recognised)	1,068	(1,524)	–	–
Under/(Over) provision in prior years	1,807	(2,401)	(276)	(430)
Others	(278)	(52)	–	–
Tax expense	57,521	51,004	181	400

* Certain subsidiaries have tax incentives with tax exemption of 100% on its statutory income in accordance with Section 127 of the Income Tax Act 1967 for a period of 10 years commencing from the year the subsidiaries achieve statutory income.

25. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to the owners of the Company of RM195,921,000 (2016: RM192,079,000) and the weighted average number of ordinary shares in issue during the year.

	2017 '000	2016 '000
Weighted average number of ordinary shares at 31 March	1,248,030	1,248,030
Basic earnings per ordinary share (sen)	16	15

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share at 31 March 2017 and 31 March 2016.

26. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2017			
Final 2016	4.25	53,041	15 September 2016
Special dividend	3.00	37,441	14 April 2017
		90,482	
2016			
Final 2015	4.25	53,041	15 September 2015

The Directors recommend a final single tier dividend of 4.25 sen per ordinary share each in respect of the financial year ended 31 March 2017 subject to the approval of the shareholders at the forthcoming general meeting. Based on the issued and paid-up capital of the Company at the end of the reporting period, the final dividend would amount to approximately RM53,041,000.

27. Operating segments

The Group's resources allocation is assessed on a quarterly basis in accordance to the business performance and requirements of the respective business segments as reviewed and determined by the Group's Chief Operating Decision Maker ("CODM") whom is also the Managing Director of the Group. Hence, segment information is presented by business segment that the Group operates in. The format of the business segment is based on the Group's operation management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Company's expenses are allocated to the respective business segments based on a pre-agreed percentage allocation, while the Company's assets and liabilities are absorbed into integrated livestock farming segment.

Segment capital expenditure is the total costs incurred during the period to acquire property, plant and equipment, investment properties, prepaid lease payments and intangible assets other than goodwill.

Business segments

The Group comprises the following main business segments:

Marine-products manufacturing	Deep-sea fishing, manufacture and sale of fishmeal, surimi and surimi-based products.
Palm oil and biomass energy	Plantation, crude palm oil milling and activities downstream palm biomass technology.
Integrated livestock farming	Distribution of animal feed raw materials, food related products, livestock farming and operation of convenient stores.

The inter-segment transactions have been entered into in the normal course of business and are based on normal trade terms.

Geographical segments

The Group's business operates in five geographical areas: Malaysia, Indonesia, Vietnam, China and Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the group entities, segment assets are based on the geographical location of the assets.

27. Operating segments (Cont'd)

	Marine-products manufacturing		Palm oil and biomass energy activities		Integrated livestock Farming		Consolidated	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Business segments								
Revenue from external customers	877,098	840,881	351,852	308,064	1,783,076	1,704,979	3,012,026	2,853,924
Segment profit before taxation	146,585	166,843	24,969	11,625	88,957	71,013	260,511	249,481
Included in the measurement of segment profit before taxation are:								
Inter-segment revenue	127,968	125,805	1,990	1,716	3,133	4,038	133,091	131,559
Finance costs	(4,870)	(6,610)	(6,927)	(5,078)	(28,437)	(26,688)	(40,234)	(38,376)
Finance income	3,024	1,756	589	308	3,747	3,607	7,360	5,671
Depreciation and amortisation	(45,857)	(40,054)	(14,440)	(12,937)	(52,493)	(45,819)	(112,790)	(98,810)
Share of profit of associates, net of tax	793	(540)	10,131	12,804	692	674	11,616	12,938
Not included in the measurement of segment profit before taxation but provided to Managing Director:								
Tax expense	(32,799)	(33,362)	1,413	1,813	(22,305)	(16,171)	(53,691)	(47,720)

27. Operating segments (Cont'd)

	Marine-products manufacturing		Palm oil and biomass energy activities		Integrated livestock farming		Consolidated	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Segment assets	988,703	913,872	512,293	433,238	1,678,931	1,462,912	3,179,927	2,810,022
Segment liabilities	231,390	122,060	226,844	108,217	880,082	908,851	1,338,316	1,139,128
Included in the measurement of segment assets are:								
Investment in associates	271	654	114,906	105,770	979	2,655	116,156	109,079
Additions to non-current assets other than financial instruments and deferred tax assets	90,067	113,417	24,559	26,872	208,511	118,340	323,137	258,629

	Malaysia		Indonesia		Vietnam		Other countries		Consolidated	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Geographical segments										
Revenue from external customers	2,445,683	2,371,407	470,927	406,784	90,473	71,256	4,943	4,477	3,012,026	2,853,924
Non-current assets other than deferred tax assets	1,327,208	1,195,104	515,867	437,106	81,315	77,062	4,376	4,517	1,928,766	1,713,789

28. Financial instruments

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

i) Loans and receivables ("L&R"), and
ii) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R/ (FL) RM'000	Derivatives used for hedging RM'000
2017			
Financial assets			
Group			
Derivative financial assets	6,894	–	6,894
Trade and other receivables, excluding advances to suppliers	354,603	354,603	–
Cash and cash equivalents	306,907	306,907	–
	668,404	661,510	6,894
Company			
Derivative financial assets	3,569	–	3,569
Trade and other receivables	697,896	697,896	–
Cash and cash equivalents	10,013	10,013	–
	711,478	707,909	3,569
Financial liabilities			
Group			
Loans and borrowings	(923,787)	(923,787)	–
Derivative financial liabilities	(27)	–	(27)
Trade and other payables	(313,394)	(313,394)	–
	(1,237,208)	(1,237,181)	(27)
Company			
Loans and borrowings	(508,445)	(508,445)	–
Trade and other payables	(42,173)	(42,173)	–
	(550,618)	(550,618)	–

28. Financial instruments (Cont'd)

28.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	L&R/ (FL) RM'000	Derivatives used for hedging RM'000
2016			
Financial assets			
Group			
Derivative financial assets	4,942	–	4,942
Trade and other receivables, excluding advances to suppliers	312,689	312,689	–
Cash and cash equivalents	249,874	249,874	–
	567,505	562,563	4,942
Company			
Derivative financial assets	3,550	–	3,550
Trade and other receivables	532,383	532,383	–
Cash and cash equivalents	17,817	17,817	–
	553,750	550,200	3,550
Financial liabilities			
Group			
Loans and borrowings	(773,535)	(773,535)	–
Derivative financial liabilities	(1,306)	–	(1,306)
Trade and other payables	(271,566)	(271,566)	–
	(1,046,407)	(1,045,101)	(1,306)
Company			
Loans and borrowings	(379,231)	(379,231)	–
Trade and other payables	(3,390)	(3,390)	–
	(382,621)	(382,621)	–

28. Financial instruments (Cont'd)

28.2 Net (losses) and gains arising from financial instruments

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Net gains/(losses) arising on:				
Derivatives designated as hedging instrument:				
– recognised in other comprehensive income	3,055	(3,053)	3,194	(3,517)
– recognised in profit or loss	1,435	1,280	–	–
	4,490	(1,773)	3,194	(3,517)
Loans and receivables	1,805	5,428	28,146	25,578
Available-for-sale financial assets:				
– recognised in other comprehensive income	–	(1,584)	–	(1,584)
Financial liabilities measured at amortised cost	(44,150)	(25,554)	853	(9,715)
	(37,855)	(23,483)	32,193	10,762

28.3 Financial risk management

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the Group's and the Company's business development. The Group and the Company have defined guidelines and written risk management policies on credit risk, foreign currency risk, interest rate risk, liquidity and cash flow risk. The Group and the Company operate within defined guidelines and do not engage in speculative transactions.

The Group and the Company have exposure to the following risks from its use of financial instruments:

– Credit risk
– Liquidity risk
– Market risk

28.4 Credit risk

Receivables

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

28. Financial instruments (Cont'd)

28.4 Credit risk (Cont'd)

Receivables (Cont'd)

Risk management objectives, policies and processes for managing the risk

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group and the Company do not have any significant exposure to any individual counterparty. The Group and the Company have credit policy in place to ensure that transactions are conducted with creditworthy counterparty.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables.

Impairment losses

The ageing of receivables net of advances to suppliers as at the end of the reporting period was:

	Gross RM'000	Impairment RM'000	Net RM'000
Group			
2017			
Not past due	211,252	–	211,252
Past due 1-120 days	129,536	(45)	129,491
Past due more than 120 days	26,746	(12,886)	13,860
	367,534	(12,931)	354,603
2016			
Not past due	206,352	–	206,352
Past due 1-120 days	86,217	(68)	86,149
Past due more than 120 days	28,962	(8,774)	20,188
	321,531	(8,842)	312,689

The movements in the allowance for impairment losses of receivables during the financial year were:

	Group	
	2017 RM'000	**2016 RM'000**
At 1 April 2016/2015	8,842	8,189
Impairment loss recognised	5,510	1,395
Impairment loss reversed	(896)	(592)
Impairment loss written off	(525)	(150)
At 31 March	12,931	8,842

28. Financial instruments (Cont'd)

28.4 Credit risk (Cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries. Nevertheless, non-current advances to subsidiaries are not overdue and the remaining advances are repayable on demand.

28.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

28. Financial instruments (Cont'd)

28.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
Group							
2017							
Non-derivative financial liabilities							
Revolving credit	140,823	1.45 - 5.38	145,632	145,632	–	–	–
Bank overdrafts	26,307	7.35 - 8.35	28,372	28,372	–	–	–
Bills payable	283,752	3.29 - 4.51	294,819	294,819	–	–	–
Term loans	472,592	2.37 - 7.67	532,900	173,067	94,494	178,980	86,359
Finance lease liabilities	313	3.20 - 3.95	334	173	45	116	–
Trade and other payables	313,394	–	313,394	313,394	–	–	–
	1,237,181		1,315,451	955,457	94,539	179,096	86,359
Derivative financial liabilities							
Commodity future contracts							
Outflow	–	–	–	–	–	–	–
Inflow	(854)	–	(854)	(854)	–	–	–
Forward exchange contracts (gross settled):							
Outflow	–	–	64,064	64,064	–	–	–
Inflow	(2,444)	–	(66,508)	(66,508)	–	–	–
Cross currency swap	(3,383)	–	(3,383)	(3,383)	–	–	–
Interest rate swap	(186)	–	(442)	(200)	(145)	(97)	–
	1,230,314		1,308,328	948,576	94,394	178,999	86,359

28. Financial instruments (Cont'd)

28.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
Group							
2016							
Non-derivative financial liabilities							
Revolving credit	43,787	4.23 - 4.58	45,716	45,716	–	–	–
Bank overdrafts	19,488	7.10 - 8.35	20,993	20,993	–	–	–
Bills payable	245,407	3.23 - 5.28	255,849	255,849	–	–	–
Term loans	464,231	3.75 - 6.50	520,084	168,476	89,830	193,893	67,885
Finance lease liabilities	622	2.50 - 5.80	715	493	222	–	–
Trade and other payables	271,566	–	271,566	271,566	–	–	–
	1,045,101		1,114,923	763,093	90,052	193,893	67,885
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	–	–	63,635	63,635	–	–	–
Inflow	(86)	–	(63,721)	(63,721)	–	–	–
Cross currency swap	(3,777)	–	(3,777)	(3,777)	–	–	–
Interest rate swap	227	–	282	118	110	54	–
	1,041,465		1,111,342	759,348	90,162	193,947	67,885

28. Financial instruments (Cont'd)

28.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
Company							
2017							
Non-derivative financial liabilities							
Revolving credit	91,000	4.13 - 4.62	94,981	94,981	–	–	–
Term loans	417,445	2.80 - 4.50	472,863	120,985	89,645	175,874	86,359
Trade and other payables	42,173	–	42,173	42,173	–	–	–
Financial guarantees	–	–	1,157,035	1,157,035	–	–	–
	550,618		1,767,052	1,415,174	89,645	175,874	86,359
Derivative financial liabilities							
Cross currency swap	(3,383)	–	(3,383)	(3,383)	–	–	–
Interest rate swap	(186)	–	(442)	(200)	(145)	(97)	–
	547,049		1,763,227	1,411,591	89,500	175,777	86,359
2016							
Non-derivative financial liabilities							
Revolving credit	16,000	4.49 - 4.55	16,723	16,723	–	–	–
Term loans	363,231	3.69 - 6.00	412,708	84,981	74,573	185,269	67,885
Trade and other payables	3,390	–	3,390	3,390	–	–	–
Financial guarantees	–	–	1,045,531	1,045,531	–	–	–
	382,621		1,478,352	1,150,625	74,573	185,269	67,885
Derivative financial liabilities							
Cross currency swap	(3,777)	–	(3,777)	(3,777)	–	–	–
Interest rate swap	227	–	282	118	110	54	–
	379,071		1,474,857	1,146,966	74,683	185,323	67,885

28. Financial instruments (Cont'd)

28.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's and the Company's financial position or cash flows.

28.6.1 Currency risk

The Group and the Company are exposed to foreign currency risk arising from transactions that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily US Dollars.

The management does not view the exposure to other currencies to be significant.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's foreign exchange management policies are to minimise exposures arising from currency movements. The Group monitors currency movements closely and may enter into foreign currency swaps, forward foreign currency contracts and options to limit its exposure when the needs arise.

Exposure to foreign currency risk

The Group's main exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in USD	
	2017 RM'000	2016 RM'000
Group		
Trade receivables	21,098	24,265
Unsecured bank loans	(170,429)	(9,787)
Trade payables	(45,336)	(9,554)
Forward exchange contracts	(3,298)	(15)
Cross currency swap	106,435	12,280
Cash and cash equivalents	12,260	20,499
Net exposure	(79,270)	37,688
Company		
Advances to subsidiaries	226,238	205,579
Unsecured bank loans	(109,424)	(15,676)
Cross currency swap	106,435	12,280
Cash and cash equivalents	46	212
Net exposure	223,295	202,395

28. Financial instruments (Cont'd)

28.6 Market risk (Cont'd)

28.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis

A 1.50% (2016: 1.50%) strengthening of RM against USD at the end of the reporting period would have increased equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or (loss)	
	2017	**2016**
	RM'000	**RM'000**
Group		
USD	904	(430)
Company		
USD	(2,546)	(2,305)

A 1.50% (2016: 1.50%) weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

28.6.2 Interest rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

In managing interest rate risk, the Group and the Company maintain a balanced portfolio of fixed and floating rate instruments. All interest rate exposures are monitored and managed by the Group and the Company on a regular basis.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Financial assets	26,372	24,910	344,809	271,775
Financial liabilities	(454,720)	(356,657)	(124,350)	(82,841)
	(428,348)	(331,747)	220,459	188,934
Floating rate instruments				
Financial assets	264,388	203,093	302,158	273,910
Financial liabilities	(469,067)	(416,878)	(384,095)	(296,390)
	(204,679)	(213,785)	(81,937)	(22,480)

28. Financial instruments (Cont'd)

28.6 Market risk (Cont'd)

28.6.2 Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) the post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or (loss)			
	50 bp increase 2017 RM'000	50 bp decrease 2017 RM'000	50 bp increase 2016 RM'000	50 bp decrease 2016 RM'000
Group				
Floating rate instruments	(778)	778	(646)	646
Company				
Floating rate instruments	(311)	311	(85)	85

28.7 Hedging activities

28.7.1 Cash flow hedge

The Group entered into forward exchange contracts as hedges for purchases denominated in foreign currencies. The Group and the Company also entered into cross currency swap and interest rate swap to hedge against its exposures of borrowings in foreign currency and movements in interest rates. The commodities futures were entered into with the objective of managing and hedging the Group's exposure to adverse commodity price movements.

During the year, the Group and the Company had recognised net gain of RM3,055,000 and RM3,194,000 (2016: net loss of RM3,053,000 and RM3,517,000) respectively in other comprehensive income.

Ineffectiveness loss amounting to RM67,000 (2016: RM56,000) was recognised by the Group in profit or loss in respect of the hedge. There was no ineffectiveness gain or loss being recognised by the Company.

28.8 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings approximate fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of the floating rate borrowings and long-term advances to subsidiaries approximate fair values as they are subject to variable interest rates which in turn approximate the current market interest rates for similar loans at the end of the reporting period.

28. Financial instruments (Cont'd)

28.8 Fair value information (Cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2017										
Group										
Financial assets										
Commodity future contracts	–	854	–	854	–	–	–	–	854	854
Cross currency swap	–	–	3,383	3,383	–	–	–	–	3,383	3,383
Interest rate swap	–	–	186	186	–	–	–	–	186	186
Forward exchange contracts	–	2,444	–	2,444	–	–	–	–	2,444	2,444
	–	3,298	3,569	6,867	–	–	–	–	6,867	6,867
Financial liabilities										
Finance lease liabilities	–	–	–	–	–	–	(334)	(334)	(334)	(313)
	–	–	–	–	–	–	(334)	(334)	(334)	(313)
2016										
Group										
Financial assets										
Cross currency swap	–	–	3,777	3,777	–	–	–	–	3,777	3,777
Interest rate swap	–	–	(227)	(227)	–	–	–	–	(227)	(227)
Forward exchange contracts	–	86	–	86	–	–	–	–	86	86
	–	86	3,550	3,636	–	–	–	–	3,636	3,636
Financial liabilities										
Unsecured fixed rate term loans	–	–	–	–	–	–	(66,585)	(66,585)	(66,585)	(66,841)
Finance lease liabilities	–	–	–	–	–	–	(629)	(629)	(629)	(622)
	–	–	–	–	–	–	(67,214)	(67,214)	(67,214)	(67,463)

28. Financial instruments (Cont'd)

28.8 Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2017										
Company										
Financial assets										
Cross currency swap	–	–	3,383	3,383	–	–	–	–	3,383	3,383
Interest rate swap	–	–	186	186	–	–	–	–	186	186
	–	–	3,569	3,569	–	–	–	–	3,569	3,569
2016										
Company										
Financial assets										
Cross currency swap	–	–	3,777	3,777	–	–	–	–	3,777	3,777
Interest rate swap	–	–	(227)	(227)	–	–	–	–	(227)	(227)
	–	–	3,550	3,550	–	–	–	–	3,550	3,550
Financial liabilities										
Unsecured fixed rate term loans	–	–	–	–	–	–	(66,585)	(66,585)	(66,585)	(66,841)

28. Financial instruments (Cont'd)

28.8 Fair value information (Cont'd)

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2016: no transfer in either directions).

Level 2 fair value

Derivatives

The fair value of forward exchange contracts and commodity option are based on the market price obtained from licensed financial institutions.

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	2017 RM'000	2016 RM'000
Group/Company		
Balance at 1 April 2016/2015	3,550	4,682
Loss recognised in profit or loss		
Other expenses-realised	(3,175)	2,385
Gains recognised in other comprehensive income		
Cash flow hedge	3,194	(3,517)
Balance at 31 March	3,569	3,550

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
(a) Financial instruments carried at fair value			
Derivative used for hedging	The fair value of cross currency swap and interest rate swap are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using spot rate and market interest rates respectively for a similar instrument at the measurement date.	Exchange rate at maturity	The estimated fair value would increase (decrease) if the foreign currency rate were strengthen (weaken).
		Interest rate (2017: 3-5%; 2016: 3-5%)	The estimated fair value would increase (decrease) if the interest rate were higher (lower).

28. Financial instruments (Cont'd)

28.8 Fair value information (Cont'd)

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
(b) Financial instruments not carried at fair value			
Term loans and finance lease liabilities	Discounted cash flows	Discount rate (2017: 4.99%; 2016: 4.99%)	The estimated fair value would increase (decrease) if the interest rate were lower (higher).

29. Capital and other commitments

	Group	
	2017 RM'000	**2016 RM'000**
Capital commitments:		
Property, Plant and equipment		
Authorised but not contracted for	190,609	290,296
Contracted but not provided for in the financial statements	25,105	11,694

30. Capital management

The Group and the Company define capital as the total equity and debt. The objective of the Group's and the Company's capital management is to maintain an optimal capital structure and ensuring funds availability to support business operations and maximises shareholders value. The Group and the Company monitor debts to equity ratio to ensure compliance with management policies as well as maintaining shareholders' confidence in the management.

31. Operating leases

Non-cancellable operating leases are as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Less than one year	2,592	211
Between one and five years	3,714	282
More than five years	301	340
	6,607	833

The subsidiaries lease land, hostel and shoplots under operating lease. For the land under operating leases, the lease typically run for a period ranging from 1 to 25 years, with an option to renew the lease after that date. None of the operating leases for land includes contingent rentals. For the hostel and shoplots, the leases typically run for an initial period of two to three years with an option to renew the leases after the expiry date.

32. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group and the Company have related party relationship with its subsidiaries, associates and Directors.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are as follows:

	Group	
	2017 RM'000	**2016 RM'000**
With companies in which Dr. Ng Siew Thiam, Chia Song Kun, Chia Song Phuan, Chia Teow Guan, Cheah Yaw Song, Cheah Juw Teck, Chia Song Pou, Chia Seong Fatt, Chia Song Swa, Chia Song Kooi, Heng Hup Peng and Sim Chin Swee, Directors of certain subsidiaries have interests		
Success Portfolio Sdn. Bhd.:		
Sales	(3,583)	(4,802)
MB Agriculture (Sandakan) Sdn. Bhd.:		
Sales	(6,156)	(7,037)
Purchases	976	775
MB Agriculture (Sabah) Sdn. Bhd.:		
Sales	(18,923)	(16,882)
Arena Dijaya Sdn. Bhd.:		
Sales	(3,017)	(5,369)
Keang Huat Trading Sdn. Bhd.:		
Purchases	4,735	3,184
Perikanan Sri Tanjung Sdn. Bhd.:		
Purchases	940	751
Green Breeder Sdn. Bhd.:		
Sales	(24,824)	(21,332)
Timurikan Terengganu Marine Products Sdn. Bhd.:		
Sales	(100)	(131)
Purchases	24	83

32. Related parties (Cont'd)

Significant related party transactions (Cont'd)

	Group 2017 RM'000	Group 2016 RM'000
With companies in which Dr. Ng Siew Thiam, Chia Song Kun, Chia Song Phuan, Chia Teow Guan, Cheah Yaw Song, Cheah Juw Teck, Chia Song Pou, Chia Seong Fatt, Chia Song Swa, Chia Song Kooi, Heng Hup Peng and Sim Chin Swee, Directors of certain subsidiaries have interests (Cont'd)		
C-Care Enterprise Sdn. Bhd.:		
Sales	(1,084)	(728)
Sin Teow Fatt Trading Co.:		
Purchases	721	778
Hai Hong Fishery Sdn. Bhd.:		
Purchases	447	445
With a person connected to Cheah Yaw Song and Cheah Juw Teck, Directors of certain subsidiaries have interests		
Cheah Joo Kiang Enterprise:		
Sales	(3,773)	(3,239)
E Koon Plastic Trading:		
Purchases	1,597	1,608
With a person connected to Chia Song Kun, Chia Song Phuan, Chia Teow Guan, Chia Song Pou, Chia Yaw Song, Chia Song Kooi, Chia Song Swa, Directors of certain subsidiaries have interests		
Fusipim Sdn. Bhd.:		
Sales	(1,909)	(1,688)
Associates		
Gross dividends received	(3,854)	(5,132)
Warehousing services	9,371	8,662
Sales of feed	(113)	(81)
Related party		
Disposal of a subsidiary	19,082	–

	Company 2017 RM'000	Company 2016 RM'000
Subsidiaries		
Finance income	(27,841)	(24,311)
Dividend received	(67,791)	(101,831)

32. Related parties (Cont'd)

Significant related party transactions (Cont'd)

The key management personnel compensation are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors of the Company				
– Fees	1,406	1,300	945	854
– Remuneration	12,356	11,055	10	7
– Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	123	111	–	–
	13,885	12,466	955	861
Directors of subsidiaries				
– Fees	499	477	12	24
– Remuneration	9,354	9,998	–	–
– Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	199	184	–	–
	10,052	10,659	12	24
	23,937	23,125	967	885

33. Subsidiaries

The principal activities of the subsidiaries and the interest of QL Resources Berhad are as follows:

		Effective ownership interest	
Name of company	**Principal activities**	**2017 %**	**2016 %**
QL Feedingstuffs Sdn. Bhd. and its subsidiaries	Investment holding, provision of management services	100	100
QL Agrofood Sdn. Bhd.	Processing and sale of animal feeds, trading of raw materials for animal feeds, lubricants and foodstuffs	100	100
QL Agroventures Sdn. Bhd.	Layer and broiler farming	100	100
QL Agrobio Sdn. Bhd. #	Commercial production and supply of biologically digested feeding raw materials	–	51
QL KK Properties Sdn. Bhd. (formerly known as QL Feedmills Sdn. Bhd.)	Property holding	–	100
Chingsan Development Sdn. Bhd.	Property holding	100	100

33. Subsidiaries (Cont'd)

Name of company	Principal activities	Effective ownership interest 2017 %	2016 %
QL Tawau Feedmill Sdn. Bhd.	Manufacture and sale of animal feeds and providing chicken parts processing service	100	100
QL Feed Sdn. Bhd.	Marketing and distribution of animal feed raw material and food grain	100	100
QL Realty Sdn. Bhd. and its subsidiaries	Investment holding	100	100
PT. QL Trimitra[(b)]	Integrated broiler farming and its related activities	80	80
PT. QL Agrofood[(b)]	Layer farming and poultry feed manufacturing	100	100
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	Investment holding	90	90
QL Pacific Vet Group Sdn. Bhd.	Trading of feed supplement, animal health food and agricultural products	90	90
QL AgroResources Sdn. Bhd. and its subsidiaries	Investment holding, feed milling, selling and distribution of animal feeds, raw materials and other related products	95	95
QL Livestock Farming Sdn. Bhd.	Poultry farming, feed milling as well as selling and distribution of animal feeds, poultry and related products	95	95
Gelombang Elit (M) Sdn. Bhd.	Property holding	95	95
QL TP Fertilizer Sdn. Bhd.	Producing and selling organic fertilizer	48.45	48.45
QL Farms Sdn. Bhd. and its subsidiaries	Investment holding, layer and broiler farming, wholesale of frozen chicken parts, manufacturing and sales of organic fertilizer	100	100
Adequate Triumph Sdn. Bhd.	Property holding	100	100
QL Inter-Food Sdn. Bhd.	Trading of goods	100	100
QL Breeder Farm Sdn. Bhd.	Poultry breeding and farming	100	100
Merkaya Sdn. Bhd.	Dormant	100	100

33. Subsidiaries (Cont'd)

Name of company	Principal activities	Effective ownership interest 2017 %	2016 %
QL Agrobio Sdn. Bhd. #	Commercial production and supply of biologically digested feeding raw materials	100	–
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries	Investment holding and poultry farming	90	90
QL Rawang Poultry Farm Sdn. Bhd.	Property holding	90	90
QL Poultry Farms Sdn. Bhd.	Layer farming	90	90
Hybrid Figures Sdn. Bhd.	Layer farming	90	90
QL Vietnam AgroResources Liability Limited Company[(c)]	Poultry farming	100	100
QL International Pte. Ltd.	Marketing and trading of animal feed raw materials	100	100
PT. QL Feed Indonesia[(b)]	Trading of animal feed raw materials and related products	100	100
QL Palm Pellet Sdn. Bhd.	Dormant	90	90
QL Feedingstuffs Vietnam Limited Liability Company[(c)]	Trading of poultry products	100	100
QL Oil Sdn. Bhd. and its subsidiaries	Investment holding	100	100
QL Plantation Sdn. Bhd. and its subsidiary	Investment holding, oil palm cultivation, processing and marketing of oil palm products	100	100
QL Tawau Biogas Sdn. Bhd.	Operating a biogas power plant	100	100
QL BioEnergy Sdn. Bhd.	Dormant	100	100
QL Mutiara (S) Pte. Ltd. [(a)] and its subsidiary	Investment holding	78.42	78.42
PT. Pipit Mutiara Indah[(b)]	Oil palm plantation and crude palm oil milling	74.50	74.50

33. Subsidiaries (Cont'd)

Name of company	Principal activities	Effective ownership interest 2017 %	2016 %
QL Fishery Sdn. Bhd. and its subsidiaries	Investment holding	100	100
QL Marine Products Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi, surimi-based products and fishmeal as well as processing and sale of frozen seafood	100	100
Icon Blitz Sdn. Bhd.	Dormant	100	100
QL Deep Sea Fishing Sdn. Bhd.	Deep sea fishing and sale of subsidised diesel to fishermen	100	100
QL Foods Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi and surimi-based products	100	100
QL Aquaculture Sdn. Bhd.	Dormant	100	100
QL Aquamarine Sdn. Bhd.	Shrimp farming	100	100
QL Fishmeal Sdn. Bhd. and its subsidiary	Investment holding, manufacturing and trading of fishmeal	100	100
PT. QL Hasil Laut[(b)]	Manufacturing of surimi and fishmeal	100	99.97
QL Endau Marine Products Sdn. Bhd. and its subsidiaries	Investment holding and manufacturing of surimi	70.59	70.59
QL Endau Deep Sea Fishing Sdn. Bhd.	Deep sea fishing	70.59	70.59
QL Endau Fishmeal Sdn. Bhd.	Manufacturing and trading of fishmeal	70.59	70.59
Pilihan Mahir Sdn. Bhd.	Dormant	70.59	70.59
Rikawawasan Sdn. Bhd.	Deep sea fishing	70.59	70.59
QL Figo Foods Sdn. Bhd.	Manufacturing and sale of "halal" food products	100	100
QL Figo (Johor) Sdn. Bhd.	Manufacturing and sale of "halal" food products	100	100
QL Fresh Choice Seafood Sdn. Bhd.	Coastal fish trawling and wholesale of marine products	100	100

33. Subsidiaries (Cont'd)

Name of company	Principal activities	Effective ownership interest 2017 %	Effective ownership interest 2016 %
QL Lian Hoe Sdn. Bhd.	Manufacturing and sale of surimi-based products	82	82
QL Lian Hoe (S) Pte. Ltd. [(a)] and its subsidiary	Investment holding	100	100
Zhongshan True Taste Food Industrial Co. Ltd. [(d)]	Manufacturing and sale of food products	100	100
Kuala Kedah Fish Meal Sendirian Berhad	Property investment	100	100
Kembang Subur Sdn. Bhd. and its subsidiaries	Hatchering and culturing of shrimps	63.33	63.33
KS Galah Sdn. Bhd.	Dormant	63.33	63.33
KS Monodon Sdn. Bhd.	Dormant	63.33	63.33
Kembang Subur (Perak) Sdn. Bhd.	Hatchering and culturing of shrimps	34.83	34.83
KS Pekan Hatchery Sdn. Bhd.	Breeding, genetic selection and hatchery operation for the production of shrimps	63.33	63.33
Kembang Subur International Ltd. [(e)] and its subsidiary	Investment holding	32.30	32.30
Nam Duong Vietnam Aquatic Hatchery Company Limited [(f)]	Production and sales of shrimps	32.30	32.30
QL Green Resources Sdn. Bhd. and its subsidiaries	Investment holding	100	100
QL Kitchen Sdn. Bhd. (formerly known as QL Green Energy Sdn. Bhd.)[#]	Dormant	–	100
QL Tawau Palm Pellet Sdn. Bhd.	Operating a palm pellet plant	100	100
QL NatureCo Sdn. Bhd.	Dormant	100	100
QL ESCO Sdn. Bhd.	Supply of biomass	100	100
Leisure Pyramid Sdn. Bhd.	Manufacturing of wood pellet	73.33	66.67
QL IPC Sdn. Bhd.	Dormant	100	100

33. Subsidiaries (Cont'd)

Name of company	Principal activities	Effective ownership interest 2017 %	2016 %
QL Carbon Sdn. Bhd. and its subsidiaries	Investment holding	100	100
Maxincome Resources Sdn. Bhd.	Operating and franchising of convenient stores	100	100
QL Kitchen Sdn. Bhd. (formerly known as QL Green Energy Sdn. Bhd.)[#]	Operation of centralised kitchen	100	–
QL Corporate Services Sdn. Bhd.	Provision of management services	100	100

(a) Subsidiaries incorporated in Singapore and audited by another firm of accountants.

(b) Subsidiaries incorporated in Indonesia and audited by another firm of accountants.

(c) Subsidiaries incorporated in Vietnam and audited by a member firm of KPMG.

(d) Subsidiary incorporated in China and consolidated based on management accounts.

(e) Subsidiary incorporated in Labuan and consolidated based on management accounts.

(f) Subsidiary incorporated in Vietnam and consolidated based on management accounts.

\# During the year, these subsidiaries were restructured within the Group.

All other subsidiaries are incorporated in Malaysia and audited by KPMG.

33.1 The Company's shareholdings in non-wholly owned subsidiaries are as follows:

	Number of ordinary shares, unless otherwise stated At 1.4.2016	Bought	Sold	At 31.3.2017
Interest in non-wholly owned subsidiaries via QL Feedingstuffs Sdn. Bhd.				
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	2,736,000	–	–	2,736,000
QL Pacific Vet Group Sdn. Bhd.	2,000,000	–	–	2,000,000
QL AgroResources Sdn. Bhd. and its subsidiaries	14,820,000	–	–	14,820,000
QL Livestock Farming Sdn. Bhd.	20,000,000	–	–	20,000,000

33. Subsidiaries (Cont'd)

33.1 The Company's shareholdings in non-wholly owned subsidiaries are as follows: (Cont'd)

	Number of ordinary shares, unless otherwise stated			
	At 1.4.2016	Bought	Sold	At 31.3.2017
Gelombang Elit (M) Sdn. Bhd.	352,600	–	–	352,600
QL TP Fertilizer Sdn. Bhd.	255,000	–	–	255,000
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries	31,950,000	2,250,000	–	34,200,000
QL Rawang Poultry Farm Sdn. Bhd.	4,400,000	–	–	4,400,000
Hybrid Figures Sdn. Bhd.	2	–	–	2
QL Poultry Farm Sdn. Bhd.	18,000,000	–	–	18,000,000
PT. QL Trimitra	1,200,000	–	–	1,200,000
QL Palm Pellet Sdn. Bhd.	3,870,000	–	–	3,870,000
Interest in non-wholly owned subsidiaries via QL Oil Sdn. Bhd.				
QL Mutiara (S) Pte. Ltd. and its subsidiary	11,919,998	–	–	11,919,998
PT. Pipit Mutiara Indah	2,983,000	–	–	2,983,000
Interest in non-wholly owned subsidiaries via QL Fishery Sdn. Bhd.				
QL Endau Marine Products Sdn. Bhd. and its subsidiaries	6,723,960	–	–	6,723,960
QL Endau Deep Sea Fishing Sdn. Bhd.	43,800,000	–	–	43,800,000
QL Endau Fishmeal Sdn. Bhd.	20,100,000	–	–	20,100,000
Pilihan Mahir Sdn. Bhd.	10,000	–	–	10,000
Rikawawasan Sdn. Bhd.	10,000,000	–	–	10,000,000
QL Lian Hoe Sdn. Bhd.	8,200,000	–	–	8,200,000
Kembang Subur Sdn. Bhd. and its subsidiaries	5,700,000	–	–	5,700,000
KS Galah Sdn. Bhd.	2	–	–	2

33. Subsidiaries (Cont'd)

33.1 The Company's shareholdings in non-wholly owned subsidiaries are as follows: (Cont'd)

	Number of ordinary shares, unless otherwise stated			
	At 1.4.2016	Bought	Sold	At 31.3.2017
KS Monodon Sdn. Bhd.	2	–	–	2
Kembang Subur International Ltd.	51	–	–	51
Kembang Subur (Perak) Sdn. Bhd.	275,000	–	–	275,000
KS Pekan Hatchery Sdn. Bhd.	4,000,000	–	–	4,000,000
Interest in non-wholly owned subsidiaries via QL Green Resources Sdn. Bhd.				
Leisure Pyramid Sdn. Bhd.	800,000	300,000	–	1,100,000

34. Significant event

34.1 In February 2017, the Company proposed to undertake a bonus issue of 374,408,829 bonus shares on the basis of three (3) bonus shares for every ten (10) existing shares held on an entitlement date to be determined and announced later. The Board expects the proposed bonus issue to be completed in the third quarter of 2017.

35. Disposal/Acquisition of subsidiaries

35.1 Disposal of a subsidiary in 2017

The Group, via its wholly-owned subsidiary, QL Feedingstuffs Sdn. Bhd. ("QLFS"), had entered into two share sale agreements to dispose off 100% of equity interest in QL KK Properties Sdn. Bhd. (formerly known as QL Feedmills Sdn. Bhd.) to Ruby Technique Sdn. Bhd. in March 2017 for a total consideration of RM19,082,000. The disposal is completed during the financial year.

Details of net assets disposed and cash flows arising from the disposal are as follows:

	RM'000
Property, plant and equipment	2,859
Investment property	14,942
Cash and cash equivalents	11
Other receivables	320
Other payables	(13,559)
Net assets disposed	4,573
Gain on disposal of subsidiary	14,509
Cash consideration received	19,082

35. Disposal/Acquisition of subsidiaries (Cont'd)

35.1 Disposal of a subsidiary in 2017 (Cont'd)

Net cash inflows arising from disposal of subsidiary are as follows:

	RM'000
Disposal proceeds discharged by cash	19,082
Cash and cash equivalents of subsidiary disposed	(11)
Net cash inflows	19,071

35.2 Acquisition of a subsidiary in 2016

In the previous financial year, the Group, via its subsidiary, Kembang Subur Sdn. Bhd., acquired 100% equity interest in KS Pekan Hatchery Sdn. Bhd. ("KSPH") ("formerly known as Cargill Aquaculture Resources Sdn. Bhd.) for a cash consideration of RM1,300,000. KSPH is principally engaged in the breeding, genetic selection and hatchery operation for the production of aquatic species. The acquisition had the following effect on the Group's asset and liabilities on acquisition date:

	Recognised values on acquisition RM'000
Cash and cash equivalents	224
Inventories	22
Trade and other receivables	158
	404
Goodwill on acquisition	896
Total purchase consideration	1,300

Net cash outflow arising from acquisition of subsidiary:

	RM'000
Purchase consideration settled in cash and cash equivalents	(1,300)
Cash and cash equivalents acquired	224
	(1,076)

36. Subsequent events

36.1 In May 2017, the Group, via its wholly-owned subsidiary, PT. QL Hasil Laut ("PTHL") had received the deed of a limited liability company issued by the Minister of Justice of the Republic of Indonesia for the incorporation of a wholly-owned subsidiary known as PT. QLNutri Foods Indonesia ("QLNutri"), in Indonesia. Its intended principal activities are trading in surimi and surimi-based products.

36.2 In June 2017, the Group, via QL Ansan Poultry Farm Sdn. Bhd. ("QLAPF") had entered into a Joint Venture and Shareholders Agreement to acquire 60% equity interest in Haji Hussin Markom Sdn. Bhd., comprising of sixty thousand (60,000) ordinary shares for a total consideration of RM480,000. Upon completion of the acquisition, HHM would become a subsidiary of QLAPF.

37. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 March, into realised and unrealised profits, pursuant to the Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Total retained earnings of the Company and its subsidiaries:				
– realised	1,221,769	1,112,496	202,146	214,359
– unrealised	(62,807)	(67,138)	22,648	9,280
	1,158,962	1,045,358	224,794	223,639
Total share of retained earnings of associates				
– realised	57,786	46,139	–	–
	1,216,748	1,091,497	224,794	223,639
Less: consolidation adjustments	(102,569)	(82,757)	–	–
Total retained earnings	1,114,179	1,008,740	224,794	223,639

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 61 to 146 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2017 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in note 37 on page 147 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Chia Song Kun
Director

Chia Mak Hooi
Director

Shah Alam

7 July 2017

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Chia Mak Hooi, the Director primarily responsible for the financial management of QL Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 61 to 147 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chia Mak Hooi, NRIC: 650605-08-6113, at Klang in the State of Selangor on 7 July 2017.

Chia Mak Hooi

Before me:

Tee Hsiao Mei
Commissioner for Oaths
Klang, Selangor

Independent Auditors' Report

To the members of QL Resources Berhad

Report on the Financial Statements

Opinion

We have audited the financial statements of QL Resources Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 146.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("ByLaws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation for biological assets – Livestock

Refer to Note 2(i)(ii) – Significant account policies: Biological assets – livestocks and Note 7 – Biological assets to the financial statements.

Key audit matter

The Group held RM108,758,000 of biological assets – livestock as at 31 March 2017. The cost of biological assets – livestock, was subject to feed price fluctuation. In addition, there was a high volume of livestock held at year end. We have identified the valuation of livestocks as a key audit matter because of the factors such as feed price and quantities of livestocks may affect the valuation of livestock and, therefore could have resulted in the carrying value of biological assets – livestock exceeded the net realisable value.

How the matter was addressed in our audit

Our audit procedures performed over this area included, among others:

- We attended and observed the livestock count. We also tested the Group's control over the recording of livestock quantities. Our testing involved a comparison of actual quantity to our expectations, derived based on our understanding of the operation, size of the farms and sampled count;

- We checked whether the Group's costing methodology had been consistently applied by testing the relevant inputs to ascertain the appropriateness of the biological assets costing as at year end; and

- We compared the carrying values of the biological assets – livestocks as at the end of the financial year with the estimated realisable value to determine whether there is any impairment loss.

Report on the Financial Statements (Cont'd)

Valuation of trade receivables

Refer to the Note 2(m)(i) – Significant accounting policies: Impairment – Financial Assets and Note 11 to the financial statements.

Key Audit Matter

As at 31 March 2017, the Group's trade receivables amounted to RM307,280,000. The determination as to whether a trade receivable is collectible involves the Group's judgement. Specific factors that the Group considered include the age of the balance, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of trade receivables. We focused on this area due to the degree of judgement involved estimation of recoverability of the amounts owing from trade receivables.

How the matter was addressed in our audit

Our audit procedures performed over this area included, among others:

- We tested the Group's controls over the receivables collection processes;
- We challenged the Group's assumptions in making allowance by reference to history of recoveries and customers' payment trend, correspondences with customers, and post year end cash received allocated against overdue trade receivables at year end; and
- We have also considered the adequacy of Group's disclosure in this area.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Directors for the Financial Statements (Cont'd)

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditors' Responsibility for the Audit of the Financial Statements (Cont'd)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, the subsidiaries of which we have not acted as auditors are disclosed in Note 33 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in Note 37 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Ooi Eng Siong
Approval Number: 3240/02/18 (J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 7 July 2017

List of Properties

As At 30 June 2017

No.	Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure
1.	PT. Pipit Mutiara Indah	Desa Sekatak Buji, Kecamatan Sekatak, Kabupaten Bulungan, Provinsi Kalimantan Timur	Dec 2009 (date obtained Hak Guna Usaha)	Leasehold to 19.01.2045
2.	QL Figo (Johor) Sdn. Bhd.	GRN238020, Lot 3627, Mukim of Kulai, District of Kulai Jaya, Johor	(Jun 2014)	Industrial land
3.	QL Marine Products Sdn. Bhd.	CL045081687 CL045076042 Kampung Bolong, District of Tuaran, Sabah	(27.12.2002) (19.09.2003)	1. Leasehold to 31.12.2104 2. Leasehold to 27.04.2929
4.	QL Palm Pellet Sdn. Bhd.	Geran 83005, Lot 1911, Mukim Buloh Kasap, Daerah Segamat, Negeri Johor	(30.11.2016)	Freehold
5.	QL Foods Sdn. Bhd.	GM 1033, Lot 3315 GM1149A, Lot 3316 GM1128, Lot 3317 GM750, Lot 3318 GM717, Lot 3319 Mukim of Hutan Melintang District of Hilir Perak, Perak	(08.02.2012)	Freehold
6.	QL Foods Sdn. Bhd.	Lot 9122,109,110,111,112 GM2114,3285,3287,3288,3397 Mukim of Hutan Melintang District of Hilir Perak, Perak	13.01.2014	Freehold
7.	Pilihan Mahir Sdn. Bhd. QL Endau Marine Products Sdn. Bhd.	H.S.(D) 5258, PTD 4967, Mukim Padang Endau Daerah Mersing, Johor	(31.03.2010)	Leasehold expiring 22.11.2108
8.	QL Foods Sdn. Bhd.	Lot 3300 & 3301 held under GM514A & GM1517 Mukim of Hutan Melintang District of Hilir Perak, Perak	(05.03.2008)	Freehold
9.	Gelombang Elit (M) Sdn. Bhd. QL Livestock Farming Sdn. Bhd.	Lot 8157, Block 59, Muara Tuang Land District, Sarawak	(07.10.2011)	Leasehold to 02.11.2060
10.	QL Feedingstuffs Sdn. Bhd.	PT76108, GRN 104808 Lot 76108 (Fasa D9), Persiaran Balairong, Bukit Jelutong (TK-Pejabat Korporat) Shah Alam, 40150 Shah Alam, Selangor	(June 2011)	Freehold

List of Properties
As At 30 June 2017 (Cont'd)

Existing use	Land & Build-up area	Net Book Value (RM'000)	Age of building (years)
Oil Palm Estate together with palm oil mill & building	14,177 ha Build-up area 20.0 ha	165,429	8
2-storey detached office building, 8 blocks of single-storey detached factory	Land cost 5.5948 hectares	18,000 16,338 34,338	 12
Surimi, Fishmeal & Frozen Seafood Plant	26 acres 3 acres Build-up area 30,000 sq.m.	2,937 208 26,570 29,715	13
Land with existing oil palm estate	156.2815 hectares	28,209	N/A
One unit of Snack Foods Factory	Gross build-up area of 7,792 sq.m. 4.4895 ha	18,823	3
Surimi based products factory WIP	Proposed build-up area of 93,250 sq. ft. 3.5499 ha	17,889	2
Vacant industrial land	2.544 ha	223	N/A
Coldroom	Build-up area 2,592 sq. m.	4,367	5
Factory	Build-up area 6,243 sq. m.	13,249 17,839	2
Boiler House, Warehouse & Surimi based products factory building	Gross build-up area of 12,335 sq.m. 2.2611 ha	16,616	9
Slaughter House	1.49 ha	152	N/A
Slaughter House	Build-up area 4,968 sq.m.	16,432 16,584	3
Industrial land	2.72 acres	16,496	N/A

Shareholders' Analysis Report

As At 30 June 2017

Issued and paid-up capital : **RM620,025,000***
Type of shares : **Ordinary shares**
Voting rights : **One vote per ordinary share**

* Included in share capital is share premium amounting to RM308,018,000 that is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of section 74 of Companies Act 2016).

Shareholders by Size of Shareholdings, Directors' Shareholdings and Substantial Shareholders

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Shareholding
less than 100	219	6,337	0.00
100 to 1,000	706	439,403	0.04
1,001 to 10,000	2,845	13,451,413	1.08
10,001 to 100,000	1,841	56,396,254	4.52
100,001 to less than 5% of issued shares	534	533,909,691	42.78
5% and above of issued shares	3	643,826,332	51.59
	6,148	1,248,029,430	100.00

Directors' Shareholdings

	No. of shares held			
Name of directors	**Direct**	**%^**	**Indirect**	**%^**
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	3,870,000	0.31	–	–
Chia Song Kun	675,000	0.05	536,287,466*	42.97
Chia Seong Pow	2,200,000	0.18	154,322,870#	12.37
Chia Song Kooi	870,000	0.07	528,643,922**	42.36
Chia Seong Fatt	486,000	0.04	152,651,810##	12.23
Chia Song Swa	567,000	0.05	527,303,122**	42.25
Chia Mak Hooi	2,285,900	0.18	529,318,172@	42.41
Cheah Juw Teck	2,308,550	0.18	7,319,700+	0.59
Chia Lik Khai	1,028,000	0.08	146,400++	0.01
Chieng Ing Huong, Eddy	–	–	–	–
Tan Bun Poo, Robert	–	–	–	–
Prof. Datin Paduka Dr. Aini Binti Ideris	–	–	–	–

Notes:

* Deemed interest via his and his spouse's interest in CBG Holdings Sdn. Bhd. ("CBG"), Attractive Features Sdn. Bhd., his and his spouse's indirect interest in Ruby Technique Sdn. Bhd. ("RT") as well as his spouse's, children's and their spouse's shares in QL.

** Deemed interest via his interest in CBG and indirect interest in RT and his spouse's shares in QL.

\# Deemed interest via his and his spouse's beneficial shareholding in Farsathy Holdings Sdn. Bhd. ("FH"), his and his spouse's indirect interest in RT, his spouse's, children's and their spouse's shares in QL.

\#\# Deemed interest via his and his spouse's beneficial shareholding in FH, his and his spouse's indirect interest in RT and his children's shares in QL.

@ Deemed interest via his and his father's interest in CBG, his and his father's indirect interest in RT and his father's and his spouse's shares in QL.

\+ Deemed interest via his spouse's and his parent's shares in QL.

++ Deemed interest via his spouse's shares in QL.

^ Based on the issued and paid-up share capital of the Company comprising 1,248,029,430 ordinary shares.

Shareholders' Analysis Report
As At 30 June 2017 (Cont'd)

Substantial Shareholders

	Name of Shareholders	Direct	%	Indirect	%
1	CBG Holdings Sdn. Bhd.	525,041,822	42.07	–	0.00
2	Farsathy Holdings Sdn. Bhd.	150,734,510	12.08	–	0.00
3	Chia Song Kun	675,000	0.05	536,287,466	42.97
4	Chia Seong Pow	2,200,000	0.18	154,322,870	12.37
5	Chia Song Kooi	870,000	0.07	528,643,922	42.36
6	Chia Seong Fatt	486,000	0.04	152,651,810	12.23
7	Chia Song Swa	567,000	0.05	527,303,122	42.25
8	Chia Mak Hooi	2,285,900	0.18	529,318,172	42.41

List of 30 Largest Shareholders

No.	Name	Holdings	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CBG HOLDINGS SDN BHD (PB)	409,691,822	32.82
2	FARSATHY HOLDINGS SDN BHD	144,734,510	11.59
3	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK ISLAMIC BERHAD FOR CBG HOLDINGS SDN BHD	89,400,000	7.16
4	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	60,144,600	4.81
5	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR CBG HOLDINGS SDN BHD	25,950,000	2.08
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	19,094,400	1.53
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	12,628,000	1.01
8	HSBC NOMINEES (ASING) SDN BHD TNTC FOR MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND, L.P.	12,407,200	0.99
9	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	9,706,807	0.77
10	AMANAHRAYA TRUSTEES BERHAD PUBLIC ITTIKAL SEQUEL FUND	8,820,400	0.71
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AFFIN-HWG)	8,231,300	0.66
12	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	8,003,350	0.64

Shareholders' Analysis Report
As At 30 June 2017 (Cont'd)

No.	Name	Holdings	%
13	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	7,547,230	0.60
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	7,370,200	0.59
15	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	6,567,464	0.53
16	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	6,115,850	0.49
17	LIU SIN	6,012,240	0.48
18	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	6,000,000	0.48
19	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK ISLAMIC BERHAD FOR FARSATHY HOLDINGS SDN BHD	6,000,000	0.48
20	AMANAHRAYA TRUSTEES BERHAD PB ISLAMIC EQUITY FUND	5,954,150	0.48
21	AMANAHRAYA TRUSTEES BERHAD PB GROWTH FUND	5,282,500	0.42
22	PERMODALAN NASIONAL BERHAD	4,861,600	0.39
23	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG SAI BEE @ NG SAU BEE (CCTS)	4,677,000	0.37
24	HSBC NOMINEES (ASING) SDN BHD SIX SIS FOR LIECHTENSTEINISCHE LANDESBANK AKTIENGESELLSCHAFT	4,569,050	0.36
25	LIU FUI MOY	4,557,200	0.37
26	ATTRACTIVE FEATURES SDN. BHD.	4,545,000	0.36
27	CHIA SIANG ENG	4,464,465	0.36
28	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT ENTERPRISES FUND	4,145,200	0.33
29	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	4,011,430	0.32
30	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	3,761,309	0.30
		905,254,277	72.53

Disclosure on Recurrent Related Party Transactions

Nature of RRPT and Estimated Value

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM * (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 26 August 2016 to 30 June 2017 (RM'000)	Actual transacted value for the financial year ended 31 March 2017 (RM'000)
1.	Sale of animal feed by QL Livestock Farming Sdn. Bhd. (**"QLLF"**)	Green Breeder Sdn. Bhd.	24,000	24,000	24,163	24,824
2.	Sale of animal feed by QLLF	Success Portfolio Sdn. Bhd.	6,000	6,000	2,862	3,583
3.	Purchase of raw fish by QL Foods Sdn. Bhd. (**"QL Foods"**)	Sin Teow Fatt Trading Co.	800	800	547	721
4.	Sale of surimi, surimi-based & flour-based product and frozen fish by QL Group	Fusipim Sdn. Bhd.	4,100	3,500	1,553	1,909
5.	Sale of surimi-based product by QL Foods	Cheah Joo Kiang Enterprise	4,300	4,260	3,300	3,773
6.	Purchase of spare parts by Endau Group	Keang Huat Trading Sdn. Bhd.	6,000	5,000	4,295	4,735
7.	Trading of fish by Endau Group	Perikanan Sri Tanjung Sdn. Bhd.	1,500	1,500	869	942
8.	Trading of fish by Endau Group	Timurikan Trengganu Marine Products Sdn. Bhd.	1,500	1,500	129	124
9.	Sale of animal feed and lubricant by QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	20,000	20,000	15,402	18,923
10.	Sale of surimi-based product by QL Foods	C-Care Enterprise Sdn. Bhd.	1,500	1,200	1,064	1,084
11.	Sale of animal feed by QL Tawau Feedmill Sdn. Bhd. (**"QLTF"**)	Arena Dijaya Sdn. Bhd.	5,000	6,000	2,117	3,017
12.	Purchase of packing material by QL Farms Group	Arena Dijaya Sdn. Bhd.	20	40	5	–
13.	Sales of animal feed by QLTF	M. B. Agriculture (Sandakan) Sdn. Bhd.	7,000	7,000	5,233	5,756
14.	Purchase of fresh fruit bunch and ERP fertilizer by QL Plantation Sdn. Bhd. (**"QLP"**)	M. B. Agriculture (Sandakan) Sdn. Bhd.	1,700	1,240	914	974
15.	Purchase of raw material and packing material as well as sale of chicken part, egg and sundries and sale of broiler, meat/frozen food and organic fertilizer by QL Farms Group	M. B. Agriculture (Sandakan) Sdn. Bhd.	600	600	346	402
16.	Purchase of packing material by QL Group	E Koon Plastics Trading	2,600	2,570	1,399	1,597

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM * (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 26 August 2016 to 30 June 2017 (RM'000)	Actual transacted value for the financial year ended 31 March 2017 (RM'000)
17.	Trading of fish by Endau Group	Perikanan Hap Huat Sdn. Bhd.	100	100	25	32
18.	Purchase of fish by Endau Group	Hai Hong Fishery Sdn. Bhd.	600	600	325	447
19.	Purchase of fresh fruit bunch by QLP	Highglobal Properties Sdn. Bhd.	500	200	188	195
20.	Sale of organic fertilizer by QL Farms Group		80	60	29	49
21.	Purchase of fresh fruit bunch by QLP	Total Icon Sdn. Bhd.	300	100	128	124
22.	Sale of organic fertilizer by QL Farms Group		40	40	8	19
23.	Sale of surimi-based product by QL Lian Hoe Sdn. Bhd.	Riclee Food Trading	–	75	38	43
24.	Sale of surimi-based/chilled/ frozen product by QL Figo Foods Sdn. Bhd.		–	400	295	290

Note:

* *The new estimated value is based on the Management's estimate which takes into account the transacted amount for the financial year ended 31 March 2017 as well as the changing economic and competitive environment. Announcement will be made accordingly if the actual value exceeds the estimated value by 10% or more.*

The Proposed Renewal of RRPT Mandate will apply to the following Related Parties:

(i) Green Breeder Sdn. Bhd. (**"GB"**)is a company involved in livestock breeding. The directors are Dr. Ng Siew Thiam (**"Dr. Ng"**) and his spouse, Chew Ching Kwang. Dr. Ng and his spouse are the major shareholders of GB by virtue of their interests in May Hoo Trading Sdn. Bhd., which holds 87.5% in GB. Dr. Ng is a Director of QL Livestock Farming Sdn. Bhd. (**"QLLF"**) and QL AgroResources Sdn. Bhd. (**"QLAR"**). Dr. Ng and his spouse combined shareholding in QLAR is 5%. QLAR is 95% owned by QL and the holding company of QLLF.

(ii) C-Care Enterprise Sdn. Bhd. (**"C-Care"**) is a retail shop. Mr. Chia Soon Hooi and his spouse are directors and shareholders of C-Care. Mr. Chia Soon Hooi is the son of Mr. Chia Teow Guan and the brother of Mr. Chia Mak Hooi. Mr. Chia Teow Guan is a director of QL Foods Sdn. Bhd. (**"QL Foods"**) and member of the Chia Family whereas Mr. Chia Mak Hooi is a director and major shareholder of QL.

(iii) Fusipim Sdn. Bhd. (**"Fusipim"**) is a company involved in food processing and distribution. The directors and shareholders of Fusipim are Madam Chia Kah Chuan and her spouse Mr. Eng Seng Poo. Madam Chia Kah Chuan is a member of the Chia Family.

(iv) Mr. Cheah Joo Kiang had established a sole proprietorship under the name Cheah Joo Kiang Enterprise, which is engaged in the trading of fish ball. Mr. Cheah Joo Kiang is the son of Mr. Cheah Yaw Song and the brother of Mr. Cheah Juw Teck. Mr. Cheah Yaw Song and Mr. Cheah Juw Teck are directors of QL Foods and shareholders of QL.

(v) Sin Teow Fatt Trading Co. is a partnership involved in fish wholesale and it is owned by Mr. Chia Teow Guan, Mr. Chia Song Pou, Mr. Cheah Yaw Song and Mr. Chia Song Phuan, who are also directors of QL Foods and members of the Chia Family.

(vi) Keang Huat Trading Sdn. Bhd. (**"KH"**) is a trading company of all kinds of hardware, marine engines and fishing equipment and a major shareholder (10.88%) of QL Endau Marine Products Sdn. Bhd. ("QLEMP"). Mr. Sim Chin Swee is a director and shareholder in both KH and QLEMP. QLEMP is 70.59% owned by QL.

(vii) Perikanan Sri Tanjung Sdn. Bhd. (**"PST"**) is into deep sea fishing, diesel and transportation services. Mr. Lim Kwan Cheang @ Lim Kwan Cheng, Mr. Sim Chin Swee, Mr. Heng Hup Peng, Mr. Heng Chai Khoon, Mr. Chua Lee Guan and Mr. Loh Yoo Ming are major shareholders of PST. They are also shareholders of QLEMP holding 10.09% in total. Mr. Sim Chin Swee and Mr. Heng Hup Peng are directors of PST and Endau Group.

(viii) Timurikan Trengganu Marine Products Sdn. Bhd. (**"TTMP"**) is a company engaged in the business as marine products manufacturing, trading of edible fishes, frozen fishes and other aquatic animals. Mr. Lim Kwan Cheang @ Lim Kwan Cheng, Mr. Sim Chin Swee, Mr. Heng Hup Peng, Mr. Heng Chai Khoon, Mr. Chua Lee Guan and Mr. Loh Yoo Ming are major shareholders of TTMP. They are also shareholders of QLEMP holding 10.09% in total. Mr. Sim Chin Swee and Mr. Heng Hup Peng are directors of TTMP and Endau Group.

(ix) Success Portfolio Sdn. Bhd. (**"SP"**) is a company engaged in livestock farming which Dr. Ng has interest. Dr. Ng is a director and shareholder of QLAR, a 95% owned subsidiary of QL and the holding company of QLLF. SP is 75% owned by RT which in turn is 77.67% and 22.33% owned by CBG and Farsathy respectively. CBG and Farsathy are the major shareholders of QL.

(x) M.B. Agriculture (Sabah) Sdn. Bhd. is engaged in livestock farming and is wholly-owned by RT which in turn is 77.67% and 22.33% owned by CBG and Farsathy respectively. CBG and Farsathy are the major shareholders of QL.

(xi) M.B. Agriculture (Sandakan) Sdn. Bhd. (**"MB (Sandakan)"**) is engaged in livestock farming and is 90% owned by RT which in turn is 77.67% and 22.33% owned by CBG and Farsathy respectively. CBG and Farsathy are the major shareholders of QL. Mr. Liu Sin is a director and shareholder of MB (Sandakan) as well as director of QL Farms Group and a shareholder of QL.

(xii) Arena Dijaya Sdn. Bhd. (**"Arena"**) is engaged in livestock farming and is 90% owned by RT which in turn is 77.67% and 22.33% owned by CBG and Farsathy respectively. CBG and Farsathy are the major shareholders of QL. Mr. Liu Sin is a director and shareholder of Arena as well as director of QL Farms Group and a shareholder of QL.

(xiii) E Koon Plastics Trading (**"E Koon"**) is a sole proprietorship engaged in wholesale of household utensils and cutlery, crockery, glassware, chinaware and pottery, wholesale of other construction materials, hardware, plumbing and heating equipment and supplies N.E.C., retail sale of construction materials, hardware, paints and glass, wholesale of plastic materials in primary forms. E Koon is owned by Ms. Eng Siew Yong. She is the daughter-in-law and sister-in-law of Mr. Cheah Yaw Song and Mr. Cheah Juw Teck respectively, who are directors of QL Foods and QL Fishmeal Sdn. Bhd. as well as shareholders of QL..

(xiv) Highglobal Properties Sdn. Bhd. (**"HP"**) is an investment holding company and an associate of MB (Sandakan), of which Farsathy is the ultimate holding company. Mr. Chia Seong Fatt is the director of QL Plantation Sdn. Bhd. (**"QLP"**), HP and Farsathy. He has deemed interest in HP by virtue of his beneficial interests in Farsathy.

(xv) Hai Hong Fishery Sdn. Bhd. (**"HHF"**) is engaged in trading in fish, all types of fishery and seafood products. Mr. Heng Hup Peng is a director and shareholder in both HHF and QLEMP.

(xvi) Perikanan Hap Huat Sdn Bhd (**"PHH"**) is engaged in manufacturing, wholesaler, trade of edible fishes and other aquatic animal, post process of aquatic products and rendering of transportation services. Mr. Heng Hup Peng and Mr. Sim Chin Swee are the directors and shareholders of PHH. They are also the directors and shareholders of QLEMP.

(xvii) Total Icon Sdn. Bhd. (**"TI"**) is a company principally engaged in plantation business. Mr. Chia Seong Fatt, Mr. Chia Lik Khai and Mr. Chia Seong Pow are major shareholders of TI with a total shareholding of 40% in TI. Mr. Chia Seong Fatt and Mr. Chia Lik Khai are directors of QLP. Mr. Chia Seong Fatt and Mr. Chia Seong Pow are brothers and they are also directors and major shareholders of QL. Mr. Chia Lik Khai is also the director and shareholder of QL.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 20th Annual General Meeting has been scheduled on Friday, 25 August 2017 at 10.00 a.m. to be held at Saujana Ballroom, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan.

AGENDA

As Ordinary Business:

(1) To receive the Audited Financial Statements for the financial year ended 31 March 2017 together with the Directors' and Auditors' Report thereon. **Refer to Explanatory Note 1**

(2) To approve the payment of a final single tier dividend of 4.25 sen per ordinary share in respect of the financial year ended 31 March 2017. **Ordinary Resolution 1**

(3) To re-elect the following Directors who retire in accordance with Article No. 97 of the Company's Articles of Association and being eligible, offers themselves for re-election:

Chieng Ing Huong **Ordinary Resolution 2**

Cheah Juw Teck **Ordinary Resolution 3**

Tan Bun Poo **Ordinary Resolution 4**

(4) To re-appoint YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood who retires at the conclusion of the 20th Annual General Meeting of the Company, as a Director of the Company. **Ordinary Resolution 5**

(5) To re-elect Mr. Chia Lik Khai as a Director who retire in accordance with Article No. 103 of the Company's Articles of Association and being eligible, offers himself for re-election. **Ordinary Resolution 6**

(6) To approve the payment of total Directors' fees amounting to RM945,333 for the financial year ended 31 March 2017 and proposed total Directors' fees amounting to RM1,428,000 for the period commencing 1 April 2017 until the conclusion of the next Annual General Meeting of the Company, and further, to authorise the Directors to apportion the fees and make payment in the manner as the Directors may determine. **Ordinary Resolution 7**

(7) To approve the proposed payment of Directors' benefits up to an amount of RM26,000 for the period from 1 February 2017 until the conclusion of the next Annual General Meeting of the Company. **Ordinary Resolution 8**

(8) To re-appoint Messrs. KPMG PLT as the auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 9**

As Special Business:

To consider and if thought fit, pass the following resolutions:-

(9) **Retention of Independent Non-Executive Directors**

"THAT approval be and is hereby given to YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than seventeen (17) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." **Ordinary Resolution 10**

"THAT approval be and is hereby given to Chieng Ing Huong, Eddy who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than fifteen (15) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." **Ordinary Resolution 11**

(10) **Authority to Directors to allot and issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016** **Ordinary Resolution 12**

"THAT pursuant to Section 75 and Section 76 of the Companies Act 2016, and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

(11) **Proposed Renewal for the Company to purchase its own shares of up to 10% of the total number of issued shares ("Proposed Renewal of Share Buy Back Authority")** **Ordinary Resolution 13**

"THAT approval be and is hereby given to the Company to, from time to time, purchase through Bursa Malaysia Securities Berhad ("Bursa Securities") such number of ordinary shares in the Company ("Share(s)") and/or retain such Shares so purchased as treasury shares ("Treasury Share(s)") as may be determined by the Directors of the Company upon such terms and conditions as the Directors may deem fit and expedient in the best interests of the Company provided that the aggregate number of Shares purchased and/or retained as Treasury Shares shall not exceed 10% of the total number of issued shares of the Company at the time of purchase ("Proposed Renewal of Share Buy Back Authority");

THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy Back Authority shall not exceed the Company's aggregate retained profits;

THAT upon the purchase by the Company of its own Shares, the Directors of the Company be and are hereby authorised to:-

(a) cancel all or part of the Shares so purchased; and/or
(b) retain all or part of the Shares so purchased as Treasury Shares; and/or
(c) distribute the Treasury Shares as share dividends to the Company's shareholders for the time being; and/or
(d) transfer the shares, or any of the shares as purchase consideration and/or for the purposes of or under an employees' share scheme; and/or
(e) to resell the Treasury Shares on Bursa Securities;

THAT such authority from shareholders of the Company will be effective immediately upon passing of this ordinary resolution and will continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless by ordinary resolution passed at that meeting the authority is renewed either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next AGM is required by law to be held; or
(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authority;

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary, including the opening and maintaining of a central depositories account(s) and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to and to implement the Proposed Renewal of Share Buy Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/ or amendments (if any) as may be required or imposed by the relevant authorities from time to time and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

(12) **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of RRPT Mandate")** **Ordinary Resolution 14**

"THAT approval be and is hereby given to the Company and its subsidiaries to renew the shareholders' mandate and seek new shareholders' mandate for the recurrent related party transactions of a revenue or trading nature as set out in Part B, Section 2.2.4 of the Circular to Shareholders dated 28 July 2017 with the related parties described therein which are necessary for the Group's day to day operations, carried out in the normal course of business, at arm's length, on normal commercial terms, not more favourable to the related parties than those generally available to the public and are not detriment of the minority shareholders;

THAT such approval shall continue to be in force until:-

(i) the conclusion of the next annual general meeting of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
(ii) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(iii) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of RRPT Mandate."

(13) **Proposed bonus issue of 374,408,829 new ordinary shares in QL ("Bonus Share(s)") on the basis of 3 Bonus Shares for every 10 existing Ordinary Shares held in QL on an entitlement date to be determined later ("Proposed Bonus Issue")** **Ordinary Resolution 15**

"THAT, subject to the approvals of all relevant regulatory authorities and parties for the listing of and quotation for the 374,408,829 new ordinary shares in QL ("QL Bonus Share(s)") held by such shareholder; approval be and is hereby given to the Board of Directors of the Company ("Board") to capitalise an amount of RM93,602,207 out of the Company's share premium account, and to apply the same for the purposes of issuing 374,408,829 Bonus Shares in the share capital of the Company, credited as fully paid-up to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the entitlement date to be determined by the Board and announced later on the basis of 3 Bonus Shares for every 10 existing ordinary shares in QL ("QL Share(s)") held by such shareholders;

THAT fractional entitlements arising from the Proposed Bonus Issue, if any, shall be dealt in such manner as the Board shall in their absolute discretion deems fit and expedient in the best interest of the Company;

THAT the Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing QL Shares, save and except that the Bonus Shares so issued will not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date precedes the date of allotment and issuance of such Bonus Shares;

AND THAT the Board be and is hereby authorised to sign and execute all documents to give effect to the Proposed Bonus Issue with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue."

(14) To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act 2016.

Notice of Dividend Entitlement and Payment

NOTICE IS ALSO HEREBY GIVEN that the final single tier dividend, if approved, will be paid on 20 September 2017 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 12 September 2017.

A Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 12 September 2017 in respect of transfers; and

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Ng Geok Ping
(MAICSA 7013090)
Company Secretary

Shah Alam, Selangor Darul Ehsan
28 July 2017

NOTES:-

PROXY:

1. A member of the Company entitled to attend and vote at the Meeting may appoint up to two proxies to attend and vote in his place. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy can be any person and there shall be no restriction as to the qualification of the proxy.

2. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. Only members whose name appears on the Register of Depositors as at 17 August 2017 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote on his behalf.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, at least 48 hours before the appointed time of holding the Meeting.

5. In the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.

EXPLANATORY NOTES ON ORDINARY / SPECIAL BUSINESS:

1. Item 1 of the Agenda

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 1

With reference to Section 131 of the Companies Act 2016, a company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. On 29 May 2017, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on 20 September 2017 in accordance with the requirements under Section 132(2) and (3) of the Companies Act 2016.

3. Ordinary Resolution 5

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood ("Tengku") was re-appointed as a Director of the Company at the 19th AGM held on 25 August 2016 pursuant to Section 129(2) of the Companies Act, 1965 to hold office until the conclusion of the 20th AGM. Ordinary Resolution 5, if passed, will enable him to continue his office as a Director of the Company following the conclusion of the 20th AGM.

The Companies Act 2016 (which repealed the Companies Act, 1965) no longer requires the continuation in office by a director over 70 years of age to be subjected to shareholders' approval at each AGM. Accordingly, if Ordinary Resolution 5 is passed, Tengku's continuation in office will thereafter be subjected to retirement by rotation.

The Ordinary Resolution 5 shall take effect if the proposed Ordinary Resolution 10 has been passed by a majority of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at the 20th AGM.

4. **Ordinary Resolution 7**

The actual total Directors' fees incurred for financial year 2017 was RM945,333. With respect to the proposed total Directors' fees for financial year 2018 until the conclusion of the next AGM of the Company in 2018, assuming that the total number of Directors remain the same, the total amount is expected to increase to RM1,428,000 as the newly appointed Directors in financial year 2018 are expected to have served a full financial year in 2018 until the conclusion of the next AGM in 2018, despite the entitled amount being the same as per previous years. This resolution, if passed, will facilitate the payment of Directors' fees on current financial year basis.

5. **Ordinary Resolution 8**

The proposed Directors' benefits payable comprises of meeting allowances of RM500 per day.

The proposed estimated amount of Directors' benefits to its Non-Executive Directors is calculated based on number of scheduled Board/Board Committees meeting from 1 February 2017 until the next AGM assuming the total number of Non-Executive Directors remain the same.

6. **Ordinary Resolution 10**

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood was appointed as an Independent Non-Executive Director of the Company on 3 January 2000, and has, therefore served the Company for more than seventeen (17) years. He met the criteria of an Independent Director as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. He has performed his duty diligently and in the best interest of the Company and has provided independent judgement and broader views and balanced assessments to the proposals from the Management with his diverse experience and expertise. The Board, therefore recommends that he should be retained as an Independent Non-Executive Director.

7. **Ordinary Resolution 11**

Mr. Chieng Ing Huong, Eddy was appointed as an Independent Non-Executive Director of the Company on 24 December 2001, and has, therefore served the Company for more than fifteen (15) years. He met the criteria of an Independent Director as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. He has performed his duty diligently and in the best interest of the Company and has provided independent judgement and broader views and balanced assessments to the proposals from the Management with his diverse experience and expertise. The Board, therefore recommends that he should be retained as an Independent Non-Executive Director.

8. **Ordinary Resolution 12**

The proposed resolution is a renewal of the general authority for the Directors to issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016. If passed will empower the Directors from the date of the above Annual General Meeting until the next Annual General Meeting to allot and issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

The Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general mandate which was approved at the 19th AGM of the Company held on 25 August 2016 and which will lapse at the conclusion of the 20th AGM. A renewal of this authority is being sought at the 20th AGM.

The general authority to issue shares will allow the Company to take advantage of any strategic opportunities, including but not limited to, issuance of new shares for purpose of funding investment project(s), working capital and/or acquisitions which require new shares to be allotted and issued. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares.

9. Ordinary Resolution 13

The proposed resolutions, if passed, will empower the Company to purchase and/or hold up to 10% of the total number of issued shares of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting of the Company. For further information, please refer to Part B of the Circular to Shareholders dated 28 July 2017.

10. Ordinary Resolution 14

The proposed resolutions pertains to the shareholders' mandate required under Part E, Chapter 10.09(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad. The said Proposed Renewal of RRPT Mandate if passed, will mandate the Company and/or its subsidiaries to enter into categories of recurrent transactions of a revenue or trading nature and with those related parties as specified in Part B, Section 2.2.2 of the Circular to Shareholders dated 28 July 2017. The mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year. The interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolutions approving the transactions. An interested director or interested major shareholder must ensure that persons connected to him abstain from voting on the resolutions approving the transactions.

11. Ordinary Resolution 15

The rationale for the Proposed Bonus Issue is to utilise the amount standing in credit in the Company's share premium account within 24 months from 31 January 2017, the date of the commencement of the new Companies Act 2016 ("Act") pursuant to Section 74 of the Act.

Form of Proxy

全利資源有限公司
QL Resources Berhad
(Company No. 428915-X)
(Incorporated in Malaysia)

Tel./Handphone No.	
No. of ordinary shares held	
CDS Account No.	

I/We ______________________________(NRIC No./Passport No______________)
(FULL NAME IN BLOCK LETTERS)

of ______________________________
(FULL ADDRESS)

being a member of QL RESOURCES BERHAD, hereby appoint ______________________________
(FULL NAME)

(NRIC No./Passport No ______________) (Proxy 1) of ______________________________
(FULL ADDRESS)

or failing him, ______________________ (NRIC No./ Passport No ______________________) (Proxy 2)

of ______________________________
(FULL ADDRESS)

as my/our proxy/proxies to vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company, to be held at Saujana Ballroom, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 25 August 2017 at 10.00 a.m. or any adjournment thereof.

My/our proxy is to vote as indicated below:

Resolutions	**For**	**Against**
Ordinary Resolution No. 1		
Ordinary Resolution No. 2		
Ordinary Resolution No. 3		
Ordinary Resolution No. 4		
Ordinary Resolution No. 5		
Ordinary Resolution No. 6		
Ordinary Resolution No. 7		
Ordinary Resolution No. 8		
Ordinary Resolution No. 9		
Ordinary Resolution No. 10		
Ordinary Resolution No. 11		
Ordinary Resolution No. 12		
Ordinary Resolution No. 13		
Ordinary Resolution No. 14		
Ordinary Resolution No. 15		

Please indicate with an "X" or "√" in the space provided as to how you wish your votes to be cast on the resolutions specified in the Notice of 20th Annual General Meeting. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

Dated this ______________ day of ________________ 2017

____
Signature of Shareholder

For appointment of two (2) proxies, percentage of shareholding to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		

Notes:-

1. *A member of the Company entitled to attend and vote at the Meeting may appoint up to two proxies to attend and vote in his place. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy can be any person and there shall be no restriction as to the qualification of the proxy.*
2. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
3. *Only members whose name appears on the Register of Depositors as at 17 August 2017 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote on his behalf.*
4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, at least 48 hours before the appointed time of holding the Meeting.*
5. *In the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.*

Fold this flap for sealing

Then fold here

Affix stamp

The Company Secretary

QL RESOURCES BERHAD

NO. 16A, JALAN ASTAKA U8/83
BUKIT JELUTONG
40150 SHAH ALAM
SELANGOR DARUL EHSAN

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www.ql.com.my

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40150 Shah Alam, Selangor Darul Ehsan.
Tel : 03-7801 2288 **Fax** : 03-7801 2228